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The U.S. International Trade Commission is an independent, nonpartisan, quasi-judicial federal agency that provides trade expertise to both the legislative and executive branches of government, determines the impact of imports on U.S. industries, and directs actions against certain unfair trade practices, such as patent, trademark, and copyright infringement. ITC analysts and economists investigate and publish reports on U.S. industries and the global trends that affect them. The agency also maintains the National Library of International Trade, a specialized library open to the public.



United States International Trade Commission

Annual Report

Commissioners

Marcia E. Miller, Chairman
Lynn M. Bragg, Vice Chairman
Don E. Newquist
Carol T. Crawford
Janet A. Nuzum
Peter S. Watson

Fiscal Year 1996

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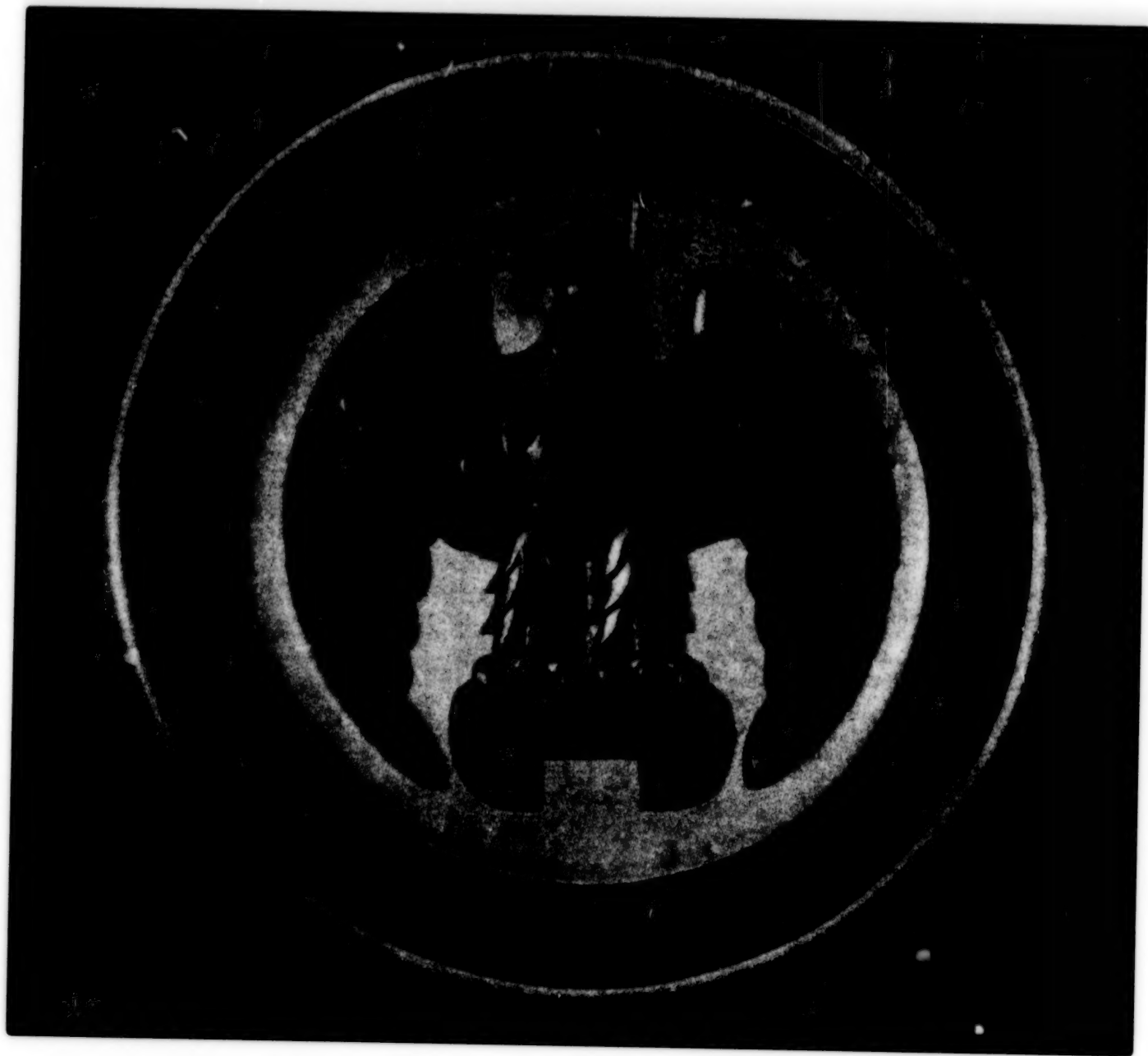
Address all communications to:
United States International Trade Commission
500 E Street SW
Washington, DC 20436

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Note to Readers: Commissioner David B. Rohr, who appears throughout this report, served as a member of the Commission during most of fiscal year 1996. Commissioner Rohr served as a Commissioner for more than 12 years, and he was Chairman of the Commission from June 17, 1996, until his resignation and retirement from government service on August 5, 1996, when his successor, Chairman Marcia Miller, was sworn in as a Commissioner.



MESSAGE FROM THE CHAIRMAN

Having arrived at the International Trade Commission (ITC) just before the close of this fiscal year, I view the agency accomplishments catalogued in this Annual Report with admiration and appreciation. In Fiscal Year 1996, demand for the Commission's services remained high as international trade continued to increase its role in the U.S. economy. To its credit, the agency responded with characteristic dedication and professionalism despite the uncertainty and disruption of government shutdowns and reduced budget levels. As historically has been the case, the Commission confronted change and cultivated new skills to meet its essential mandate.

When the Congress created the Tariff Commission in 1916, the agency's mission was to investigate the administrative, fiscal, and economic effects of customs laws as well as to study tariff relationships between the United States and other countries. Over the years the functions of the Commission have evolved in response to the dynamic growth of U.S. trade and the changing needs of U.S. policymakers in both the executive and legislative branches of government. The Commission's primary role has expanded from advisory to adjudicative.

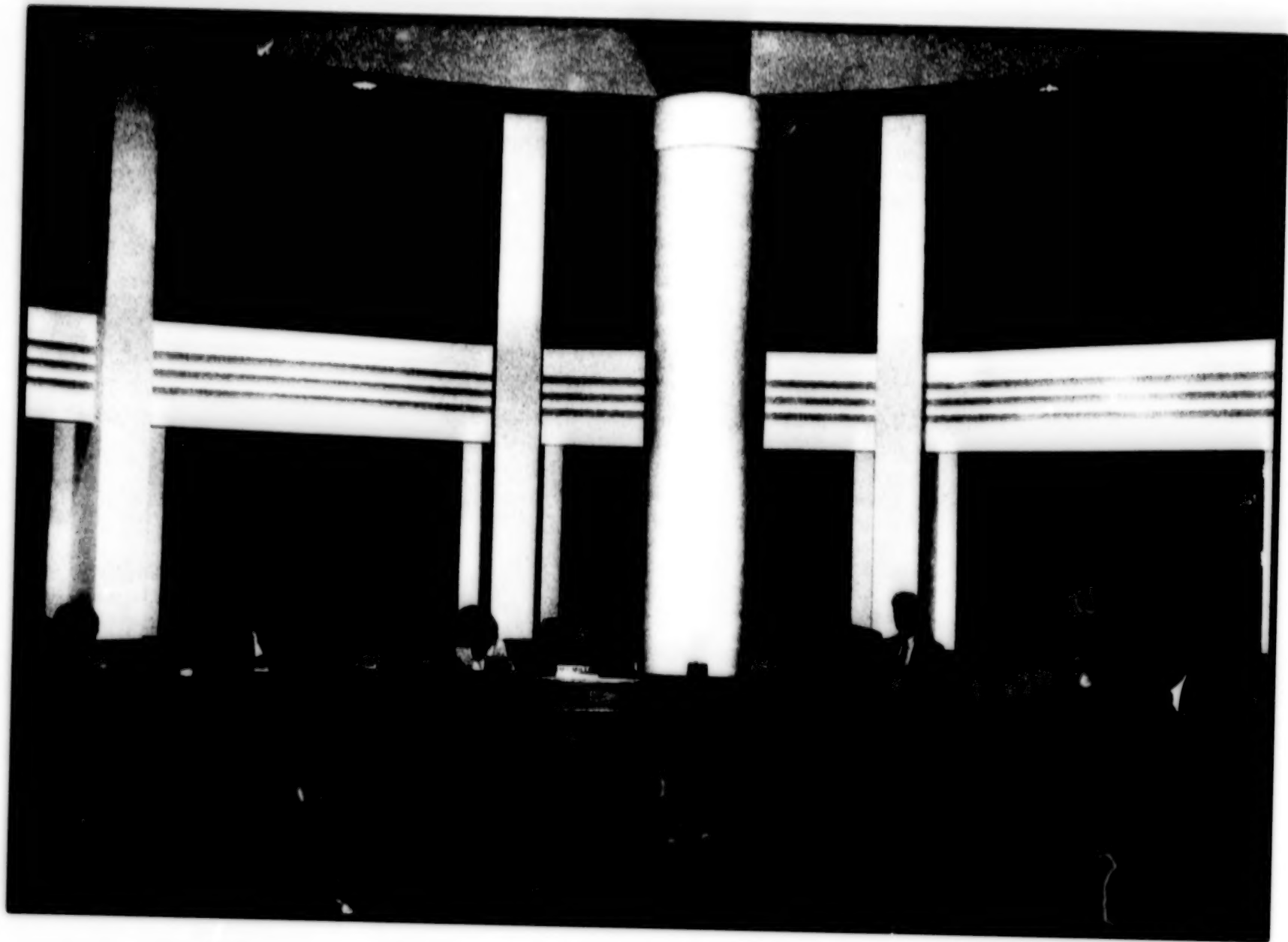
While the Commission must continue to place top priority on its investigative responsibilities with respect to unfair import trade, today it increasingly takes on new dimensions to support trade policymakers. Technical assistance provided by ITC analysts, economists, and attorneys contributes importantly to U.S. participation in the World Trade Organization (WTO) and Asia Pacific Economic Cooperation (APEC) activities. Our economists are in the forefront of economic analysis, developing modeling capabilities which aid the Commission and the public policy community at large in assessing the potential economic effects of various trade policy options. In an age of diminishing government resources, the Commission will continue to strive to maximize its efficiency and refine its expertise to meet the needs of the trade policy community.

I am proud to have joined the Commission and look forward to my tenure here. My arrival at the Commission was coincident with the departure of someone emblematic of the dedication and desire for excellence that is the hallmark of the agency. David B. Rohr was one of the longest serving Commissioners in recent history. A distinguished public servant in the field of international trade and economics, his interest, concern, and leadership helped guide the Commission for more than 12 years. As a new Commissioner, I particularly take note of his commitment to the agency, its mission, and, above all, its staff. On behalf of all Commissioners and the Commission staff, let me wish Commissioner Rohr well in his future endeavors.



Marcia E. Miller
Chairman





THE COMMISSION

The ITC is an independent, nonpartisan, quasi-judicial federal agency established by Congress with a wide range of trade-related mandates. Under its factfinding authority, the ITC exercises broad investigative powers on matters of trade. In its adjudicative role, the ITC makes determinations with respect to unfair trade practices. As the government's think tank on international trade, the ITC is a national resource where trade data are gathered and analyzed. Information and analysis are provided to the President and the Congress to assist them in developing U.S. trade policy.

ITC activities include —

- determining whether U.S. industries are materially injured by reason of imports that benefit from pricing at less than fair value or from subsidization;
- directing actions, subject to Presidential disapproval, against unfair trade practices such as patent infringement;
- making recommendations to the President regarding relief for industries seriously injured by increasing imports;

- providing objective analyses of other major trade issues, including estimating the probable economic effects of trade agreements;
- analyzing the competitiveness of specific industries, seeking to identify economic factors within the industry as well as external factors that affect the industry's competitiveness;
- participating in the development of uniform statistical data on imports, exports, and domestic production and in the establishment of an international harmonized commodity code; and
- advising the President whether agricultural imports from non-WTO countries interfere with price-support programs of the U.S. Department of Agriculture.

The six Commissioners are appointed by the President and confirmed by the Senate for terms of nine years, unless appointed to fill an unexpired term. The terms are set by statute and are staggered so that a different term expires every 18 months. A Commissioner who has served for

more than five years is ineligible for reappointment. No more than three Commissioners may be members of the same political party. The Chairman and the Vice Chairman are designated by the President and serve for a statu-

tory two-year term. The Chairman may not be of the same political party as the preceding Chairman, nor may the President designate two Commissioners of the same political party as the Chairman and Vice Chairman.

Summary of Investigations Completed, Fiscal Year 1996

Tariff Act of 1930:

Section 332—general factfinding investigations	3
Section 337—investigations of alleged unfair practices in the import and sale of imported products	12
Antidumping and countervailing duty investigations (28 antidumping investigations—13 preliminary and 15 final; 3 countervailing duty investigations—1 preliminary and 2 final)	31
Section 753—review investigations	1

Trade Act of 1974:

Section 201—global safeguard investigations	2
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NAFTA Implementation Act of 1994:

Section 302—NAFTA country import investigations	1
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Total	50
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Investigations completed during fiscal year 1996 and investigations pending on September 30, 1996, are shown in appendix A.

THE COMMISSIONERS

Marcia E. Miller
Chairman



Marcia E. Miller, a Democrat of Indiana, was designated Chairman of the ITC by President Clinton for the term ending June 16, 1998. She became a member of the Commission on August 5, 1996, to fill the Commission term ending December 16, 2003. Prior to her appointment, Ms. Miller was the Minority Chief International Trade Counselor with the U.S. Senate Committee on Finance, which has jurisdiction over U.S. foreign trade policy, customs and import matters, and the budgets of several related agencies. She was named Chief International Trade Counselor to the Finance Committee by then-Chairman Daniel Patrick Moynihan in February 1993 following five years of service as a professional staff member with the Committee. Earlier in her career, Ms. Miller was an international economist with the law firm of Wilmer, Cutler, and Pickering. Prior to that, she handled international trade issues for the American Textile Manufacturing Institute. Ms. Miller holds a master of arts degree from the School of Advanced International Studies, Johns Hopkins University, and a bachelor of arts degree from Miami University in Oxford, Ohio.

Lynn M. Bragg
Vice Chairman



Lynn Munroe Bragg, a Republican of Maryland, was designated Vice Chairman of the ITC by President Clinton for the term ending June 16, 1998. She was appointed by President Clinton and was sworn in as a member of the Commission on March 31, 1994, for the term ending June 16, 2002. Prior to her appointment to the ITC, Ms. Bragg served in a senior management position with the Edison Electric Institute as a director of government affairs. From 1981 to 1991, Ms. Bragg served on the staff of former Senator Malcolm Wallop (R-WY) as a Legislative Assistant and the Legislative Director. Previously, she held several positions in the corporate affairs department of the Potomac Electric Power Company (PEPCO) in Washington, DC. She holds a B.A. degree with Final Honors from Mary Washington College and a M.S. degree from Boston University.

Don E. Newquist



Don E. Newquist, a Democrat of Texas, was appointed to the ITC to fill an unexpired term on October 18, 1988, and reappointed to a nine-year term ending December 16, 1997. Mr. Newquist served a two-and-one-half year term as Chairman of the ITC. He was first designated Chairman by President Bush on December 13, 1991, and was redesignated Chairman on June 16, 1992, for the term ending June 16, 1994. Before his appointment to the Commission, Mr. Newquist was with Valero Energy Corporation as Senior Vice President for Corporate Relations. He also served as general manager of the Chamber of Commerce of Denver, CO, and before that was with the Chamber of Commerce of Corpus Christi, TX. He is a past president of the South Texas Chamber of Commerce.

Carol T. Crawford



Carol T. Crawford, a Republican of Virginia, was appointed by President Bush and sworn in as a member of the Commission on November 22, 1991, for the term ending June 16, 1999. Prior to her appointment, Ms. Crawford was Assistant Attorney General (Legislative Affairs) in the U.S. Department of Justice. From 1985 to 1989, she served as Associate Director of the Office of Management and Budget where she was responsible for budget and policy oversight for five cabinet-level departments and related agencies. She served at the Federal Trade Commission as Director of the Bureau of Consumer Protection from 1983 to 1985 and as Executive Assistant to the Chairman from 1981 to 1983. Previously, she practiced law in Washington, D.C., was Senior Legislative Assistant to Senator Bob Packwood (R-OR), and was on the legislative staff of Rep. Robert Denney (R-NE). Ms. Crawford holds a B.A. from Mt. Holyoke College and a J.D., *magna cum laude*, from the Washington College of Law, American University.

Janet A. Nuzum



Janet A. Nuzum, a Democrat of Virginia, became a member of the Commission on November 26, 1991, to fill an unexpired term ending June 16, 1996. She was designated Vice Chairman of the ITC by President Clinton for the term June 17, 1994, through June 16, 1996. Prior to her appointment to the ITC, Ms. Nuzum was a member of the professional staff of the Committee on Ways and Means' Subcommittee on Trade in the U.S. House of Representatives. Ms. Nuzum is a member of the bar of the District of Columbia and has served in various capacities in the D.C. Bar Association and the American Bar Association. She was named "Outstanding Woman in International Trade, 1994-1995" by the Association of Women in International Trade. Ms. Nuzum received her B.A. from Smith College and her J.D. from the Georgetown University Law Center.

Peter S. Watson



Peter S. Watson, a Republican of California, was nominated to the Commission by President Bush on October 23, 1991, for the term December 17, 1991, through December 16, 2000. He was designated Chairman of the ITC by President Clinton for the term June 17, 1994, through June 16, 1996, after serving as the ITC's Vice Chairman for the term June 17, 1992, through June 16, 1994. Prior to his appointment to the ITC, Mr. Watson served in the White House as Director of Asian Affairs at the National Security Council from 1989 to 1991. During 1976 and from 1978 through 1988, Mr. Watson practiced international and business law in Los Angeles and Washington, DC. He has been an adjunct Associate Professor in International Trade & Investment Law and International Business Law. From 1985 through 1986, Mr. Watson served as Chairman of the Los Angeles County Bar Association's International Law Section and, from 1986 through 1987, was Chairman of the State Bar of California's International Practice Committee.



INTRODUCTION

Fiscal Year 1996 was a challenging year at the United States International Trade Commission, but it was also one of accomplishment that showcased the talents, dedication, and fortitude of ITC staff and Commissioners.

The ITC was among the federal agencies affected by the early FY 1996 budget uncertainties, including two partial government shutdowns. The ITC ultimately received a reduced budget level that required serious cutbacks in non-personnel operations as well as a reduction-in-force of nearly 10 percent of the ITC's staff. The ITC gave up a floor of the building that houses the agency and implemented consolidations and reorganizations as part of its efforts to reduce spending. Yet despite the delays and disruptions experienced early in the year, the agency rallied and met its challenges impressively.

The ITC completed 50 investigations during the year, including 31 title VII (mostly antidumping) investigations, 12 section 337 investigations, two global safeguard (section 201) investigations, and its first-ever bilateral safeguard investigation under the North American Free Trade Agreement (NAFTA) Implementation Act. Information on these investigations is included in the Highlights section and appendix A of this report.

Among the key factfinding investigations completed during the year were *General Agreement on Trade in Services: Examination of Major Trading Partners' Schedules of Commitments* (Inv. No. 332-358), which, along with a pending follow-up report, *General Agreements on Trade in Services: Examination of South American Trading Partners' Schedules of Commitments* (Inv. No. 332-367), received favorable notice in the global trade community as the only ongoing efforts to examine these commitments; *U.S. Interests in APEC Trade Liberalization* (Inv. No. 332-365), a confidential investigation completed at the U.S. Trade Representative's request to assist in APEC-related negotiations; *Country-of-Origin Marking: Review of Laws, Regulations, and Practices* (Inv. No. 332-366), an investigation for the House Committee on Ways and Means that explored country-of-origin markings on U.S. imports, exports, and domestic products; and *Global Competitiveness of U.S. Environmental Technology Industries: Air Pollution Prevention and Control* (Inv. No. 332-361), the second of two reports for the Senate Committee on Finance examining global competition in environmental technology industries. Information on ITC factfinding investigations can be found in the Highlights section and appendix B of this report.

ITC staff were called upon for technical assistance by the U.S. Trade Representative (USTR) throughout the year, most notably in providing support for APEC forum and WTO implementation activities. ITC economists and industry experts provided extensive support to the USTR as U.S. policy toward APEC liberalization continued to evolve, and the ITC General Counsel and her staff assisted the USTR in evaluating the proposed legislation of WTO members to implement their commitments in the antidumping/countervailing duty and safeguard areas. ITC lawyers also assisted the USTR in WTO dispute settlement cases involving U.S. interests.

The ITC turned to technology to increase efficiency and sustain its highly regarded customer service in the wake of downsizing. The agency expanded and upgraded its Internet capabilities during the year, adding numerous new sections to its web site. Another technological advancement implemented during the year to cut costs and improve efficiency was the ITC's Fax-on-Demand system. The system enables users to obtain ITC news releases and notices issued in connection with investigations 24 hours a day by fax. At the close of the fiscal year, the agency also launched its Electronic Distribution Imaging

System, providing electronic access to all documents filed in ITC investigations since January 1996. ITC staff and Commissioners now can access any document electronically from locations throughout the building, and external customers can use the system from the ITC's Reading Room to find and view documents in the agency's investigative public inspection files.

Internally, the ITC experienced two changes of leadership during the fiscal year. Peter S. Watson's term as Chairman and Janet A. Nuzum's term as Vice Chairman of the Commission ended on June 16, 1996. In the absence of a designation from President Clinton, David B. Rohr became Chairman of the Commission on June 17, 1996. He served in that position until August 5, 1996, when his successor, Marcia E. Miller, was sworn in. Chairman Miller will serve as Chairman until June 16, 1998; her term as a Commissioner runs through December 16, 2003. President Clinton also designated Lynn M. Bragg as Vice Chairman of the Commission through June 16, 1998. With his departure from the ITC and retirement from government service, former Chairman Rohr marked the end of a distinguished 12½-year tenure as a Commissioner and a remarkable 37-year public service career.



PART I. HIGHLIGHTS

INVESTIGATIONS UNDER TITLE VII OF THE TARIFF ACT OF 1930

Under title VII of the Tariff Act of 1930, U.S. industries may petition the government for relief from imports that are sold in the United States at less than fair value ("dumped") or which benefit from subsidies provided through foreign government programs.

Under the law, the U.S. Department of Commerce determines whether the dumping or subsidization exists and, if so, the margin of dumping or amount of the subsidy. The ITC determines whether the dumped or subsidized imports materially injure or threaten to materially injure the U.S. industry. A more detailed explanation of antidumping/countervailing duty laws is included in appendix C.

Fourteen title VII petitions were filed with the Commission in FY 1996, compared with 20 in FY 1995. The majority concerned allegations of dumping (13 of the 14). The petitions covered a variety of products, including beryllium metal, brake drums and rotors, crawfish tail meat, fresh tomatoes, laminated hardwood floor-

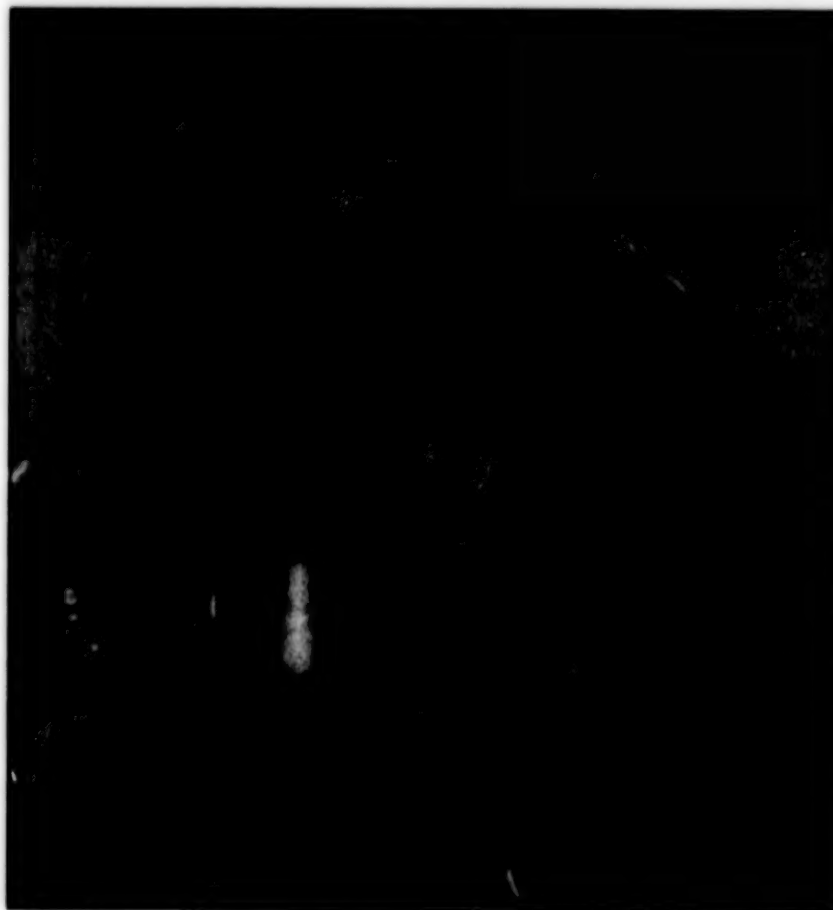
ing, melamine dinnerware, persulfates, sodium azide, spun rayon yarn, steel reinforcing bar, supercomputers, and turbo compressor systems.

The Commission also finished work on a number of cases that had been filed during FY 1995. These included drawer slides, manganese metal, manganese sulfate, polyvinyl alcohol, bicycles, standard carbon steel pipe, pasta, large newspaper printing presses, and clad steel plate. See appendix A for a complete list of investigations and accompanying details.

In addition, as a result of changes in U.S. law required by the Uruguay Round Agreements (URA), the ITC conducted one investigation under section 753 of the Tariff Act of 1930 during FY 1996. This section provides that, in the case of a countervailing duty order with respect to which an affirmative determination of material injury by the Commission was not required at the time the order was issued, interested parties may request that the Commission initiate an investigation to determine whether an industry in the United States is likely to be materially injured by reason of imports of the subject merchandise if

the order is revoked. Such requests have to be filed with the Commission within six months of the date on which the country from which the subject

merchandise originates becomes a signatory to the Agreement on Subsidies and Countervailing Measures. The Commission did not receive a request





for the investigation listed in appendix A and, accordingly, made a negative determination.

INVESTIGATIONS UNDER SECTION 337 OF THE TARIFF ACT OF 1930

Under section 337 of the Tariff Act of 1930, the ITC conducts

investigations into certain alleged unfair practices in import trade. Most complaints filed under this provision involve allegations of patent infringement, trademark infringement, or misappropriation of trade secrets. A more detailed explanation of section 337 is included in appendix C.

In FY 1996, the ITC's section 337 caseload was again highlighted by investigations involving complex

technologies, particularly in the computer area. Significant among these were various types of integrated circuit devices and processes for producing them, fiber optic modems, hard disk drives, and logic emulation systems used to design computer chips. In addition, several investigations involved other sophisticated technologies, including patents covering global positioning systems, rare earth magnets used in electronic products, adhesives for repositionable notes, wind turbines for generating electricity, antibiotics for poultry, and diagnostic screening kits for detecting HIV virus levels. Other section 337 investigations active during the year concerned agricultural tractors, heavy duty tires for long-haul transport vehicles, fish cakes, and vehicle security systems.

During FY 1996, 18 of the ITC's section 337 investigations involved allegations of infringement of product or process patents and two investigations concerned allegations of trademark infringement. An additional investigation focused, for the first time, on the alleged infringement of registered mask works. The ITC's caseload also included one remanded investigation, as well as two formal enforcement proceedings related to alleged violations of cease and desist and consent orders entered in previously concluded section 337 investigations.

INVESTIGATIONS UNDER THE TRADE ACT OF 1974

Under section 201 of the Trade Act of 1974, domestic industries seriously injured by increased imports may petition the ITC for import relief. Section 201 does not require a finding of an unfair trade practice, as do the antidumping/countervailing duty laws and section 337 of the Tariff Act of 1930. If the Commission makes an affirmative determination in a section 201 investigation, it recommends to the President relief that would remedy the injury and facilitate industry adjustment to import competition. The President makes the final decision whether to provide relief and the amount of relief. A more detailed description of section 201 appears in appendix C.

The Commission instituted two global safeguard (section 201) investigations during the year, involving broom corn brooms and fresh tomatoes and bell peppers. See appendix A for details.

INVESTIGATIONS UNDER THE NAFTA IMPLEMENTATION ACT OF 1994

Under section 302 of the NAFTA Implementation Act, the Commission determines whether, as a result of the

reduction or elimination in a duty under the NAFTA, increased imports from Canada or Mexico are a substantial cause of serious injury or threat of serious injury to a U.S. industry. If the Commission makes an affirmative determination, it makes a remedy recommendation to the President, who makes the final remedy decision. NAFTA section 302 investigations are similar procedurally to investigations under section 201 of the Trade Act of 1974. During FY 1996, the Commission conducted its first NAFTA safeguard (NAFTA section 302) investigation, involving broom corn brooms (see description of the parallel investigation under section 201 of the Trade Act of 1974 as well). See appendix A for details.

INVESTIGATIONS UNDER SECTION 332 OF THE TARIFF ACT OF 1930

Under section 332 of the Tariff Act of 1930, the ITC conducts general investigations on any matter involving tariffs and international trade. Some of the most significant analytical section 332 studies completed during the year are highlighted below. Detailed information on other ITC reports completed during FY 1996 or pending on September 30, 1996, is provided in appendix B.

Studies Analyzing Various Aspects of U.S. Trade Agreements and Other Special Trade Programs

General Agreement on Trade in Services: Examination of Major Trading Partners' Schedules of Commitments (332-358)

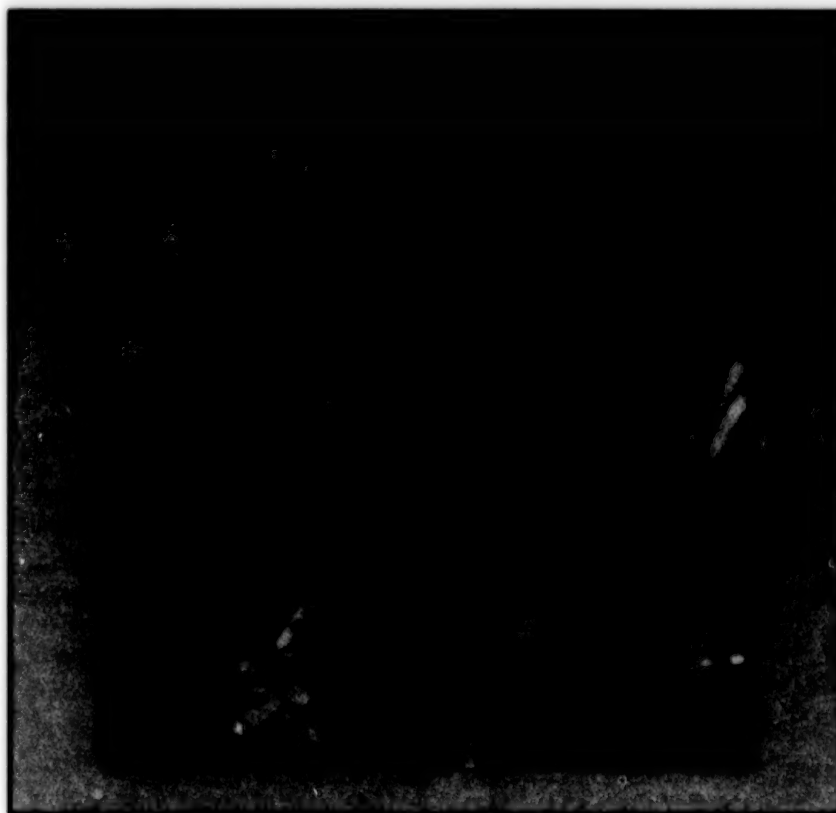
On January 4, 1994, the USTR requested that the ITC examine the content of foreign schedules of commitments under the General Agreement on Trade in Services (GATS), explaining the commitments in non-technical language, and identify the potential benefits (e.g., improved market access, national treatment, Most Favored Nation (MFN) treatment, greater regulatory transparency, etc.) and limitations of foreign commitments agreed upon in April 1994. The ITC report, submitted to the USTR in January 1996, found that the GATS provides a substantial foundation for future efforts to liberalize international trade in services. In its examination of foreign schedules, the ITC focused on sector-specific commitments pertaining to the following service sectors of the European Union, Japan, Canada, and Mexico: distribution services (defined as wholesaling, retailing, and franchising services); education services; communications services (e.g., enhanced telecommunication services, courier services, and audiovisual services); health care services; professional services (e.g., accounting,

engineering, construction, architectural, and advertising services, and lawyers); transportation services (defined as rail and trucking services); and travel and tourism.

U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy (332-362)

On March 31, 1995, the USTR requested that the ITC investigate the

effects of U.S. trade and development policy and the Uruguay Round on U.S.-Africa trade flows. The USTR requested that the investigation include five annual reports to the President under the Africa Policy Section of the Statements of Administrative Action that Congress approved with the Uruguay Round Agreements Act. The first ITC report was submitted to the USTR in February 1996. As requested, the ITC limited its study to 48 countries in



Sub-Saharan Africa. It provided basic information on all countries in the investigation; in addition, the report included more detailed trade data, assessment impacts, and country-specific information separately for Côte d'Ivoire, Gabon, Ghana, Uganda, and the member countries of the Southern African Development Community — Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia, Zimbabwe, and South Africa. The report provided a profile of the structure of U.S.-Africa trade flows over the 1990-1994 period in major sectors; a summary of U.S. government trade and development programs in Africa during 1990-1994; a summary of the literature and private sector views relevant to assessing the impact of the Uruguay Round Agreements on developing countries and Africa in particular; and an assessment of the effects of the Uruguay Round Agreements and of U.S. trade and development policy for Africa on such trade flows.

Studies on Special Areas of Congressional or USTR Interest

U.S. Interests in APEC Trade Liberalization (332-365)

On September 28, 1995, the USTR requested that the ITC prepare a two-part report that identified key U.S. interests in liberalized trade and

investment with member economies of the APEC forum to help the United States prepare for participation in the APEC process during 1996. The USTR requested that, in the first part of the study, the ITC provide a profile of each APEC economy's general level of liberalization and remaining barriers to trade and investment. The second part of the study was to provide an in-depth examination of tariff liberalization in areas with a high percentage of intra-APEC trade. The ITC report, which remains confidential, was submitted to the USTR in May 1996.

Country-of-Origin Marking: Review of Laws, Regulations, and Practices (332-366)

On December 22, 1995, the House Committee on Ways and Means requested that the ITC conduct an investigation into country-of-origin markings on U.S. imports, exports, and domestic products. The ITC report, submitted to the Committee in July 1996, found that there are growing concerns in many industries about country-of-origin marking, including rising costs and administrative burdens in tracking and marking products that use inputs from many foreign countries. U.S. companies attribute these concerns to the globalization of production and procurement necessary to maintain a competitive standing and the desire to provide accurate consumer product information. The ITC also

reported that companies are concerned that multiple foreign origin markings on products may misinform and perhaps mislead consumers and that marking requirements may not reflect current commercial and economic realities. As requested, the ITC investigation covered the laws, regulations, and practices applicable to country-of-origin markings on U.S. imports, exports, and domestic products. It also examined the costs incurred by government and industry related to enforcement and compliance, and the benefits of these rules to consumers.

The Economic Effects of Significant U.S. Import Restraints: First Biannual Update (332-325)

On May 15, 1992, the USTR requested that the ITC prepare biennial update reports on the economic effects of significant U.S. import restraints on U.S. consumers, the activities of U.S. firms, the income and employment of U.S. workers, and the net economic welfare of the United States. The update reports continue the broad analytical frameworks used in the original reports, namely partial equilibrium frameworks for the analysis of liberalization in individual sectors and a general equilibrium framework for assessment of the economywide effects of the simultaneous liberalization of all sectors covered. The reports consider the effects of all significant restraints

on U.S. imports of goods and services whether they result from an act of Congress, an action taken under the fair trade laws of the United States (such as section 201 investigations), an international agreement, or voluntary export restraints by foreign nations. The reports do not include import restraints resulting from final antidumping or countervailing duty investigations, section 337 or section 406 investigations, or section 301 actions. The second ITC report was submitted to the USTR in December 1995.

Studies Analyzing the Competitiveness of U.S. Industry

Global Competitiveness of U.S. Environmental Technology Industries: Air Pollution Prevention and Control (332-361)

On October 14, 1993, the Senate Committee on Finance requested that the ITC undertake a two-part investigation on the global competitiveness of U.S. environmental technology industries. The first of two competitiveness studies (published in March 1995) dealt with goods and services for municipal and industrial water supply and for municipal and industrial wastewater treatment and disposal. The second ITC study, submitted to the Committee in July 1996, dealt with air pollution prevention and control industries. The ITC report examined factors relevant to the global

competitiveness of the environmental technology industry including government policies such as export promotion and market development, environmental regulation, technology transfer, technical development assistance, economic development or other financial assistance, and intellectual property protection.

Studies Conducted on a Recurring Basis

U.S. Trade Shifts in Selected Industries: Services

Shifts in U.S. Merchandise Trade in 1995 (332-345)

On August 27, 1993, the Commission instituted on its own motion an annual investigation to review U.S. trade performance, focusing on changes in U.S. imports, exports, and trade balances of key agricultural and manufactured products and on changes in U.S. bilateral trade with major trading partners. In FY 1995, the ITC expanded the scope of its investigation and launched a separate publication focusing on the U.S. service sector, which accounts for 76 percent of U.S. gross domestic product and 77 percent of the U.S. workforce. The first report on services, published in June 1996, presents a statistical overview of U.S. trade in services and a discussion of major trends, followed by industry-specific analyses focused on trends in exports, imports, and trade balances

during 1993-1994. The report concludes with a discussion of the World Trade Organization's General Agreement on Trade in Services, which entered into force on January 1, 1995. The 1995 annual report on merchandise trade, published in September 1996, reviews U.S. trade performance in 1995. It also profiles the U.S. industry and market for nearly 300 industry and commodity groups, providing data for 1991-95 on domestic consumption, production, employment, trade, and import penetration. The report includes rankings of the industry and commodity groups that experienced the most significant shifts in trade during the past year, and it explains the 15 most significant bilateral shifts in trade that occurred in 1995. The ITC has published trade shifts reports on a quarterly, semiannual, or annual basis since 1981.

ANNUAL REPORT ON THE U.S. TRADE AGREEMENTS PROGRAM

The Year in Trade 1995

Section 163(b) of the Trade Act of 1974 requires the ITC to submit to the Congress an annual report on the operations of the trade agreements program. The report, now known as *The Year in Trade*, provides the Congress with factual information on trade policy and its administration. It

also serves as an historical record of the major trade-related activities of the United States for use as a general reference by government officials and others with an interest in U.S. trade relations.

The Year in Trade 1995, published in August 1996, provides a practical guide to recent changes in U.S. international trade laws resulting from the implementation of the Uruguay Round Agreements, a report on the first year of operation of the new World Trade Organization, and a review of U.S. bilateral trade agreements with major trading partners. The report also examines developments in three important regional forums — the NAFTA, APEC, and the new Trans-Atlantic agenda. The publication includes complete listings of antidumping, countervailing duty, intellectual property rights infringement, and section 301 cases undertaken by the U.S. government in 1995. An index geared to trade specialists cross-references the report by country and commodity.



PART II. ORGANIZATIONAL ACTIVITIES

OFFICE OF OPERATIONS

The ITC's core of investigative, industry, economic, nomenclature, and technical expertise is found within the Office of Operations. Under the supervision of the Director, staff in the component offices of Operations complete all statutory investigations, studies, and special work projects assigned by the Commission. The work includes completing the investigations within statutory deadlines and with a level of accuracy and detail suitable for subsequent review by the courts. The office is also responsible for information resources and statistical services.

Office of Investigations

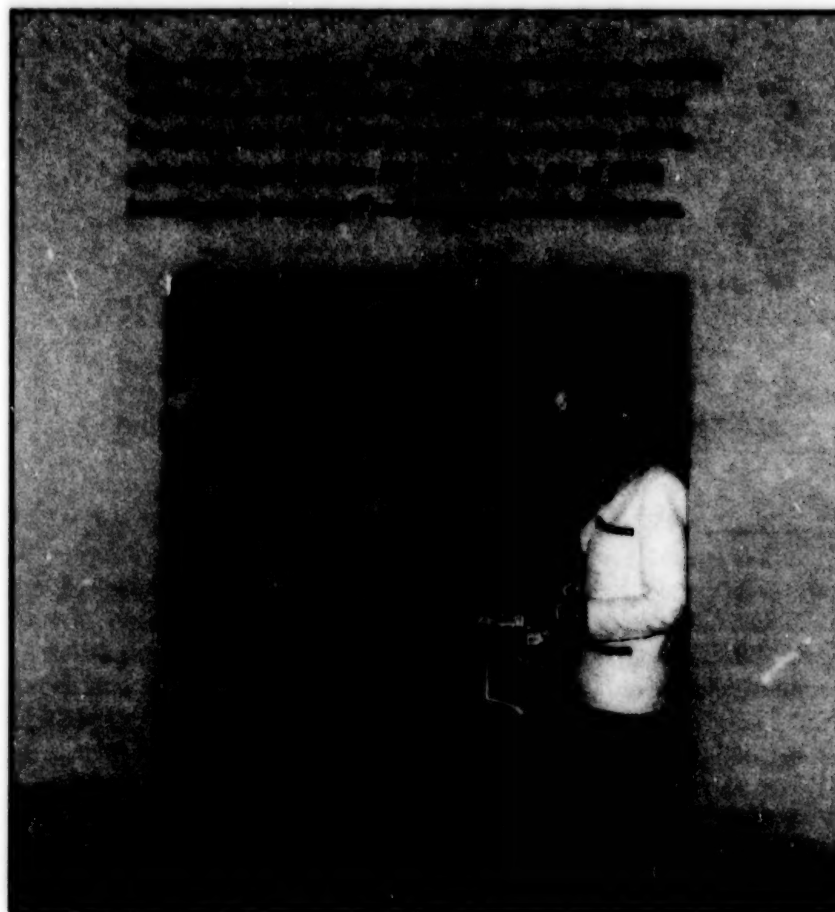
The Office of Investigations conducts the ITC's countervailing duty, antidumping, and review investigations under title VII of the Tariff Act of 1930; escape clause and market disruption investigations under the Trade Act of 1974; investigations under section 302 of the NAFTA Implementation Act of 1994; and investigations under section 22 of the Agricultural Adjustment Act.

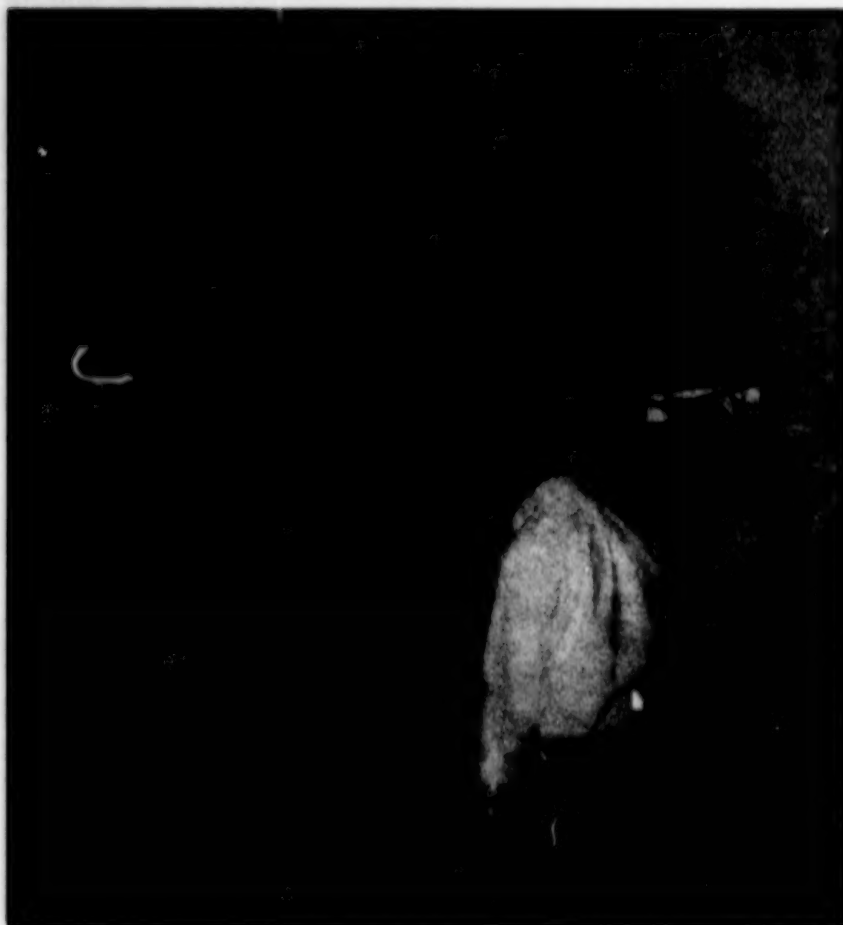
The primary responsibility of the Office of Investigations is to prepare an objective and comprehensive report in each investigation that will enable the Commission to determine, on the basis of the facts of the investigation, whether a U.S. industry has been injured or is threatened with injury by reason of imports of products like those it produces. The key investigations conducted by Investigations during FY 1996 are discussed in the Highlights section of this report.

In each investigation, an investigative team (made up of a supervisory investigator, an investigator, and an accountant/auditor from Investigations as well as an economist, a commodity-industry analyst, and an attorney) develops a thorough understanding of the conditions of competition within the domestic market of the industry under investigation. Largely through industry-specific questionnaires, telephone interviews, plant visits, consultations with technical and marketing specialists, and public hearings, the team collects and analyzes the extensive data that constitute the report to the Commission. Data presented in the staff's report include, but are not limited to, the industry's

productive capacity, actual production, capacity utilization, domestic and export shipments, inventories, imports, domestic market shares held by U.S.

and foreign suppliers, employment, hours worked, productivity, wages and total compensation paid, unit labor costs, pricing, distribution channels,





and full financial data on the U.S. companies producing the product under investigation. Somewhat more limited information about the foreign industry producing the product under investigation is also collected and analyzed.

Investigations staff members work closely with officials at the U.S.

Department of Commerce, the U.S. Customs Service, parties to the investigations and their attorneys, and company officials for both U.S. producers and importers of the product. Investigators also assist the USTR following Commission recommendations to the President in escape clause, market disruption, and section 22 cases.

Office of Industries

The Office of Industries maintains technical expertise related to the performance and global competitiveness of U.S. industries and the impact of international trade on those industries. International trade analysts in the office produce studies on a range of issues each year. Studies generally are conducted under section 332 of the Tariff Act of 1930 at the request of the President or specific committees of Congress or on the ITC's own motion. Industries staff includes international trade analysts who monitor the import, export, production, and sale of more than 8,000 agricultural products, raw materials, and manufactured products as well as a number of U.S. service industries.

Upon request, Industries analysts provide information and assistance related to international trade negotiations to the USTR. In addition to conducting factfinding investigations, Industries analysts contribute substantially to congressional bill reports, which analyze proposed tariff-related legislation. They also assist the Office of Investigations in title VII investigations. The office also publishes the *Industry, Trade, and Technology Review*, a quarterly collection of timely analytical articles developed by Industries analysts in the course of their research.

During FY 1996, the Office of Industries conducted 13 investigations under section 332, including both one-time factfinding studies and continuing industry surveys. The office also completed recurring studies and monitoring reports requested by the President, Congress, and the Commission. These reports covered synthetic organic chemicals, nonrubber footwear, automobiles, ethyl alcohol, the U.S. services commitments under the General Agreement on Tariffs and Trade (GATT), imports of textiles and apparel in 1995, and production sharing under chapter 98 of the Harmonized Tariff Schedule. The office also published its annual analysis of significant trade shifts in selected commodity areas and its first separate report covering service industries.

Since the 1920s, the ITC periodically has issued a series of detailed reports on thousands of products imported into and exported from the United States. Each report, known today as an Industry and Trade Summary, addresses one or more industry sectors and contains information on product uses, customs treatment, and trends affecting consumption, production, and trade of the commodities or services covered. The Office of Industries launched its most recent series of summaries in FY 1991; during FY 1996, seven summaries were published, bringing the total

number of summaries published in this series to 113.

Office of Economics

The Office of Economics provides expert economic analysis for ITC investigations and reports. In addition, ITC economists render substantial technical assistance to the USTR, other executive branch agencies, the Congress, and the public. ITC economists also actively participate in many conferences, seminars, workshops, and professional society meetings; contribute to educational programs, both in the United States and abroad, on trade and economic matters; and publish regularly in scholarly journals. The office consists of three divisions.

Research Division economists provide theoretical and technical expertise for the quantitative analysis of trade and economic issues. Division economists develop and use state-of-the-art analytical tools to provide modeling and other support for ITC investigations, requests for technical assistance and analysis from the USTR and other entities within the Executive Office of the President, and congressional inquiries. The tools enable agency staff to provide a rigorous analysis of the economic effects of changes in global trading rules or changes in other international economic factors that affect U.S. market

structure, productivity, and competitiveness. The Research Division develops and maintains the computable general equilibrium (CGE) models that enable agency staff to estimate the effects of changing any specific trade restraint, any set of multiple restraints, or any other quantifiable barriers to U.S. trade.

The Research Division rendered technical assistance to the USTR throughout the year, providing briefings, critical reviews of trade-related papers, global trade models, trade flow data, and general model results. Division economists also assisted the USTR, the Department of State, and the National Economic Council on APEC-related matters; the Council of Economic Advisors in quantifying non-tariff barriers; the Office of Management and Budget in interpreting model results for the Trade Promotion Coordinating Committee; and the General Accounting Office on trade and environment issues. Division economists also assisted the ITC's Director of Operations in preparing congressional testimony on the economic effects of revising the Jones Act.

Economists in the Trade Reports Division analyze foreign economic regimes and regional and multilateral trade agreements. Economists in this division contribute economic expertise to ITC investigations and maintain up-to-date information concerning global economic, investment, and trade developments by major country and

region. The division complements and works closely with the ITC Office of Industries to provide U.S. trade policymakers with information about specific industries and countries. The division also produces the *International Economic Review (IER)*, a monthly journal analyzing economic and trade policy developments.

During FY 1996, the Trade Reports Division actively participated in interagency work and, at the USTR's request, analyzed APEC member plans to liberalize and facilitate trade in line with the organization's goal of attaining free and open trade and investment by the year 2020. Division economists also completed a section 332 factfinding investigation as well as a number of regular trade-monitoring reports, including an annual review of multilateral, regional, and bilateral trade developments entitled *The Year in Trade*.

The Applied Economics Division primarily is responsible for providing technical economic expertise in the ITC's antidumping and countervailing duty investigations as well as in escape clause and market disruption investigations. Division economists serve on investigative teams, where they analyze conditions of competition (using demand, supply, and other market-related information) and pricing practices within the industry subject to investigation. They also model the economic impact of unfairly

priced imports on the U.S. industry producing competing articles. In addition, they work on section 332 investigations, assisting in economic modeling and providing general economic analysis.

Office of Tariff Affairs and Trade Agreements

The Office of Tariff Affairs and Trade Agreements (TATA) carries out the ITC's responsibilities with respect to the Harmonized Tariff Schedule of the United States (HTS) and the international Harmonized System (HS). The HTS provides the applicable tariff rates and statistical categories for all merchandise imported into the United States; it is based on the HS, the global classification system that governs most world trade in goods.

TATA updates and publishes the HTS annually. In December 1995, the office published the 1996 edition of the HTS, with changes scheduled to be effective on January 1, 1996. An electronic version of the HTS is available on the ITC's Internet homepage in the "Tariff Affairs" section.

TATA staff also provide expert HTS-related information upon request to the business community, governments, and the public. The office maintains an electronic data base that tracks the history of all changes (legal and statistical) to the HTS since its implementation.

TATA staff members also work with the Office of Industries to prepare bill reports requested by Congress (these reports investigate the legal and economic effects of proposed tariff reductions and duty suspensions for specific products; see appendix D). The office also provides technical advice and assistance to the USTR on bilateral and multilateral trade programs, participating in Trade Policy Staff Committee activities, preparing Presidential proclamations, developing trade data tailored for use by negotiators, and, when requested, directly assisting negotiating teams. In providing technical and legal assistance to the USTR during FY 1996, TATA staff prepared the proclamation implementing for the United States the changes to the HS nomenclature adopted by the World Customs Organization. The proclamation contains all necessary U.S. tariff changes and related staged duty reductions, along with appropriate modifications to the NAFTA rules of origin. This proclamation followed 1995 investigations under section 1205 of the Omnibus Trade and Competitiveness Act of 1988, which provides an administrative means for updating the HTS to reflect modifications to the HS. The staff also conducted reviews of other countries' positions regarding the U.S. tariff changes and assisted the USTR in preparing responses to these papers.

The office participates in the Customs Cooperation Council (CCC), an international organization headquar-

tered in Brussels, Belgium. The CCC oversees the continuous development and maintenance of the global HS. TATA represents the U.S. government on the central committee for nomenclature and classification matters (the Harmonized System Committee), the Technical Committee on Rules of Origin, the HS Review Subcommittee, and the Scientific Subcommittee. TATA participated in meetings of these four committees during FY 1996 and provided technical assistance to the Customs Service officials serving as U.S. delegates and to the USTR.

TATA's Director chairs the Committee for Statistical Annotation of the Tariff Schedule, which also includes representatives of the U.S. Customs Service and the Census Bureau. The committee analyzes and evaluates petitions requesting changes in HTS statistical subheadings; it received 46 such petitions during FY 1996. Through the committee, TATA participated during FY 1996 in several bilateral meetings with the Canadian government in connection with a U.S.-Canada Memorandum of Understanding, under which the two countries exchange monthly import statistics that reflect each country's exports to the other. The arrangement eliminates the need to prepare and compile over one million export documents annually.

TATA's Director serves on the Board of Directors of the International

Trade Data System (ITDS). The ITDS is an integrated trade data system to be shared by all federal trade agencies. It results from a National Performance Review initiative recommending the establishment of such a system. The project is expected to be completed in two years.

Office of Unfair Import Investigations

The Office of Unfair Import Investigations (OUII) participates as a full party representing the public interest in adjudicatory investigations conducted under section 337 of the Tariff Act of 1930. These investigations most frequently involve allegations of patent or trademark infringement. Allegations of copyright infringement, misappropriation of trade secrets, passing off, false advertising, and antitrust violations also can be litigated in these investigations. If the Commission finds a violation of section 337, it may issue exclusion orders and cease and desist orders as a remedy.

Investigative attorneys from OUII actively participate throughout the investigation along with counsel for the private parties. However, the investigative staff represents the public interest rather than the private interests of a complainant or respondent. Representation of the public interest is important

because the remedies available in section 337 investigations may affect nonparties and U.S. consumers. OUII investigates and offers an independent perspective on the many issues presented in section 337 investigations.

OUII attorneys review section 337 complaints prior to institution of an investigation and advise the Commission whether complaints are legally sufficient for purposes of institution. Upon request, OUII also provides information to prospective complainants regarding procedures for filing complaints under section 337 and reviews draft complaints on a confidential basis. Once an investigation is instituted, OUII attorneys seek to ensure that a sufficient evidentiary record is developed. OUII attorneys conduct discovery, participate at hearings before the Administrative Law Judges (ALJs), and submit legal briefs to the ALJs and the Commission.

After a hearing, the ALJ issues an initial determination on all issues related to the alleged violation of section 337. The ALJ's initial determination is subject to review and modification by the Commission. If the Commission does not modify the initial determination, it becomes the Commission's final determination. If the Commission determines that there is a violation of section 337, it may issue remedial orders. Those orders are effective when issued and become final 60 days after issuance unless disap-

proved for policy reasons by the President within that 60-day period. (A more complete description of section 337 is included in appendix C).

OUII also assists the parties with settlements. OUII attorneys review proposed consent orders (orders of the Commission agreed to by the parties that prohibit specific activities related to the importation and/or sale of the products at issue) and settlement agreements (private agreements between the parties). OUII then submits responses to the ALJ regarding public interest concerns and compliance with ITC rules.

During FY 1996, there were 22 active section 337 investigations, 12 of which were instituted in FY 1996. (Key investigations are detailed in the Highlights section of this report, and a full list of investigations completed appears in appendix A). The Commission found a violation of section 337 in five investigations. Limited exclusion orders were issued in four of these investigations, and a general exclusion order was issued in the other. Cease and desist orders were also issued in three of the investigations where a violation was found. The Commission found no violation of section 337 in two investigations. During the year, the Commission ruled on two requests for temporary relief, granting such relief in one investigation and denying it in the other. The Commission terminated two investigations prior to an eviden-

tiary hearing as a result of settlement agreements reached by the parties. The Commission also issued consent orders in five section 337 investigations.

The ITC may conduct enforcement proceedings to determine whether the importation or sale of a specific product violates an existing Commission order. Also, the Commission may issue advisory opinions regarding whether certain anticipated conduct would violate an outstanding Commission order. During FY 1996, the Commission terminated an enforcement proceeding on the basis of a settlement between the private parties, but referred to the Department of Justice assertions relating to allegedly false reports filed with the Commission. The Commission also began another formal enforcement proceeding regarding alleged violations of a consent order.

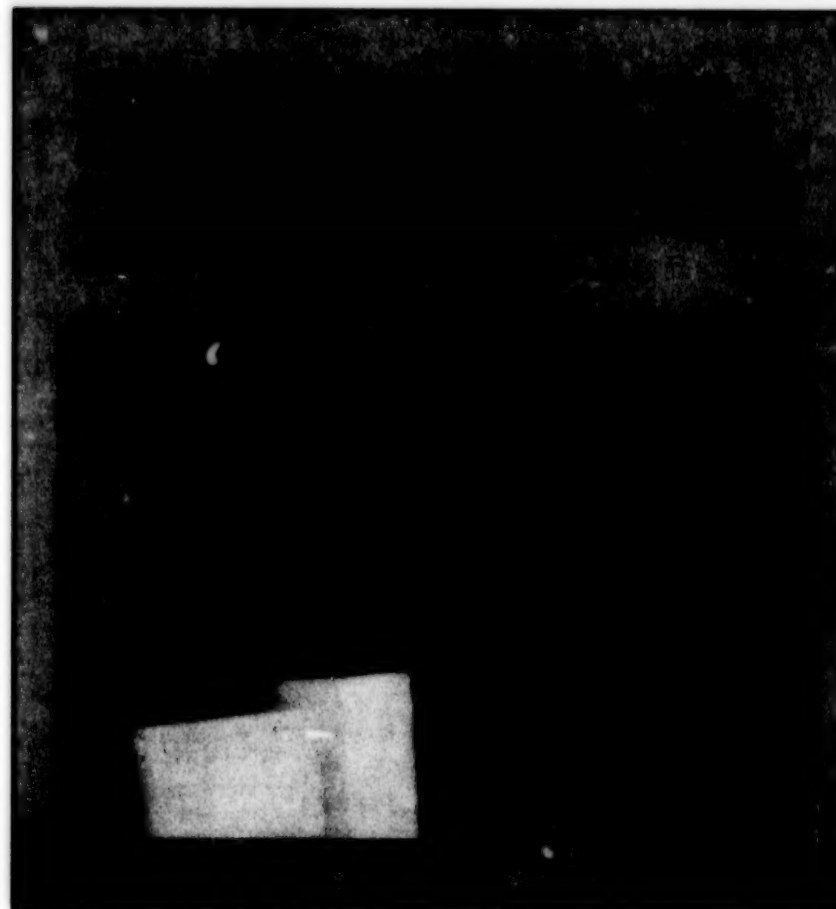
Office of Information Services

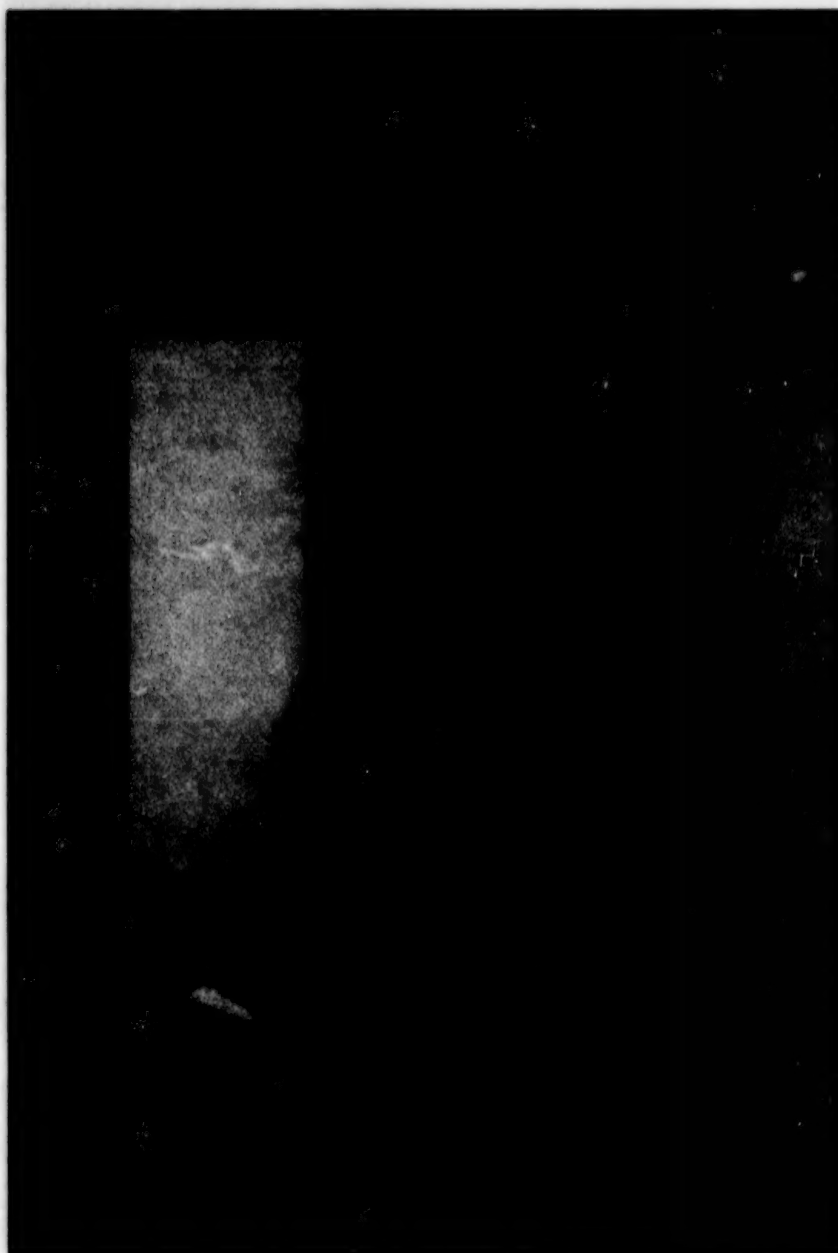
The Office of Information Services (OIS) administers all ITC computer, telecommunications, and statistical and editorial services, as well as the National Library of International Trade. During FY 1996, OIS supported implementation of the electronic document imaging system in the Office of the Secretary, completed most of an agencywide upgrade to the Windows 95 operating system, pilot-tested and

procured electronic forms software, set up an on-site statistical team to handle title VII investigation questionnaire tabulation, and supported a variety of program office initiatives, from fax-on-demand to time-and-attendance automation.

Library Services

The Library Services staff manages the ITC's National Library of International Trade, a specialized technical library that serves as the agency's information and research





center. The library houses over 100,000 volumes and approximately 2,500 periodical titles related to U.S. industry and international trade laws and practices as well as several CD-ROM and on-line information data bases. Library Services supports the Commissioners and ITC staff by acquiring, organizing, and disseminating information in all media. During FY 1996, the library increased its focus on offering self-training and self-help tools to ITC employees and expanded the professional development and employment-related materials available in the agency's Learning Center. The library's space was reduced as an economy measure during the year, resulting in a rearrangement of the library's collection, a comprehensive evaluation of library holdings, and a major periodical binding project. The National Library of International Trade is open throughout the workday to public researchers, scholars, and university students.

OFFICE OF ADMINISTRATION

The Office of Administration oversees the administration of the ITC's budget, manages all personnel matters and agencywide programs and activities, directs procurement and publishing activities, conducts the agency information security program, and coordinates the day-to-day

operation of the building that houses the agency.

Office of Finance and Budget

The Office of Finance and Budget develops, monitors, and administers the ITC budget and expenditures, ensuring proper financial management of agency activities. The Budget Division formulates, justifies, and executes the ITC budget; the Finance Division maintains the ITC financial information system and the agency payroll and travel functions. The office also performs liaison on budget and finance matters with other federal agencies, the Office of Management and Budget, and congressional committees. Finance and Budget staff manage travel, payroll, and other financial services; help ITC offices develop their annual budget requests; develop the overall annual agency appropriation and authorization requests; and prepare monthly accounting, activity, and financial projection reports.

During FY 1996, the office completed a major personnel/payroll conversion project, consolidating three management information systems (personnel, payroll, and internal labor cost distribution). In addition, as part of efforts to improve financial management under the National Performance Review, the office implemented use of

electronic funds transfer for vendor payments and the first phase of a project to link the Commission's travel program with its accounting system.

Office of Management Services

The Office of Management Services (OMS) manages the ITC's publishing, procurement, and facilities management activities. During FY 1996, the office managed the agency's space consolidation activities, carrying out office and personnel relocations made necessary when the agency vacated a floor of the building and by consolidations and reorganizations. The Publishing Division also laid the groundwork for integrating the agency's publishing activities with other enhanced electronic communication technologies being brought on-line within the agency. OMS also continued to manage requests from other agencies to use ITC facilities for meetings and events.

Office of Personnel

The Office of Personnel manages the ITC's recruitment, training, and personnel management operations and serves as a resource for managers and staff on employee relations, employee development, and benefits matters. FY 1996 was a year of intense activity

in the office, which managed the first-ever agency downsizing, reducing career staff by close to 10 percent. In addition to processing all employee separations, the office devoted considerable resources to providing placement and training assistance to those affected by the reduction-in-force. The office also worked with the Office of Finance and Budget to successfully implement a new automated personnel/payroll system.

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

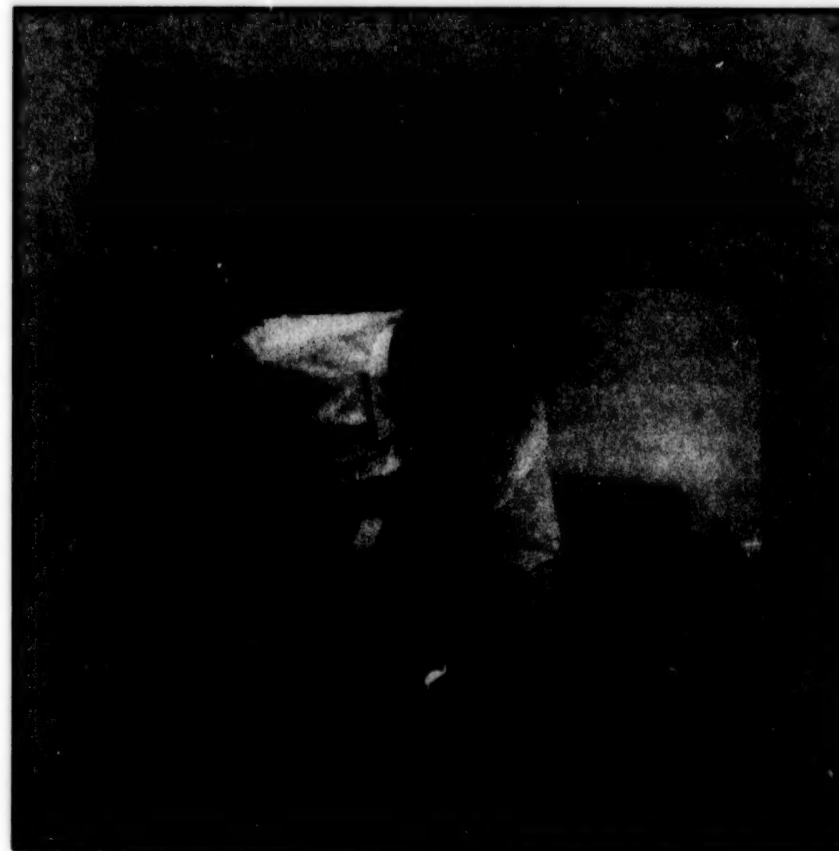
The Office of Equal Employment Opportunity (EEO) administers the ITC affirmative action program. The Director advises the Chairman and ITC managers on all equal employment issues; evaluates the sufficiency of the agency's EEO program and recommends improvements or corrections, including remedial and disciplinary action; establishes and maintains a diversity outreach program; and monitors recruitment plans and activities to assure equity in hiring activities.

The Director manages the complaints and investigation process; coordinates the pre-complaint counseling and alternative dispute resolution processes; and manages and supervises the work of the collateral-duty Special

Emphasis Program Managers and EEO Counselors. The ITC/EEO program is structured to promote understanding and appreciation of multiple ethnicity in the workplace and to prevent inappropriate, discriminatory conduct on the part of all employees. The ITC Employee Development Program is a corollary function within the Office of EEO.

OFFICE OF THE ADMINISTRATIVE LAW JUDGES

The ITC's Administrative Law Judges (ALJs) direct litigation, hold hearings, and make initial determinations in investigations under section 337 of the Tariff Act of 1930.



Section 337 investigations require formal evidentiary hearings in accordance with the Administrative Procedure Act (5 U.S.C. 551 et seq.). After the Commission has instituted an investigation, the matter is referred to the Office of the Administrative Law Judges. Cases are assigned on a rotating basis to one of the ITC's two ALJs, who, after an extensive

discovery process, holds a hearing. The judge considers the evidentiary record and the arguments of the parties and makes an initial determination, including findings of fact and conclusions of law. Temporary relief may be granted in certain cases. (A more detailed description of section 337 is included in appendix C.)

The judge's initial determination is subject to review and modification by the Commission. If the Commission does not modify the initial determination, it becomes the Commission's final determination. If the Commission determines that there is a violation of section 337, it may issue remedial orders. Those orders are effective when issued and become final 60 days after issuance unless disapproved for policy reasons by the President within that 60-day period.

During FY 1996, the Office of the Administrative Law Judges held four evidentiary hearings in section 337 cases under the Administrative Procedure Act. (See Highlights section of this report for details on key section 337 investigations during FY 1996 and appendix A for a complete list of investigations.)

OFFICE OF INSPECTOR GENERAL

The Inspector General conducts all audits and investigations related to ITC programs and operations and recommends and comments on proposed legislation, regulations, and procedures that affect the agency's efficiency and effectiveness. The accomplishments of the Inspector General are detailed in semiannual reports submitted to Congress in May and November. The Office of Inspector

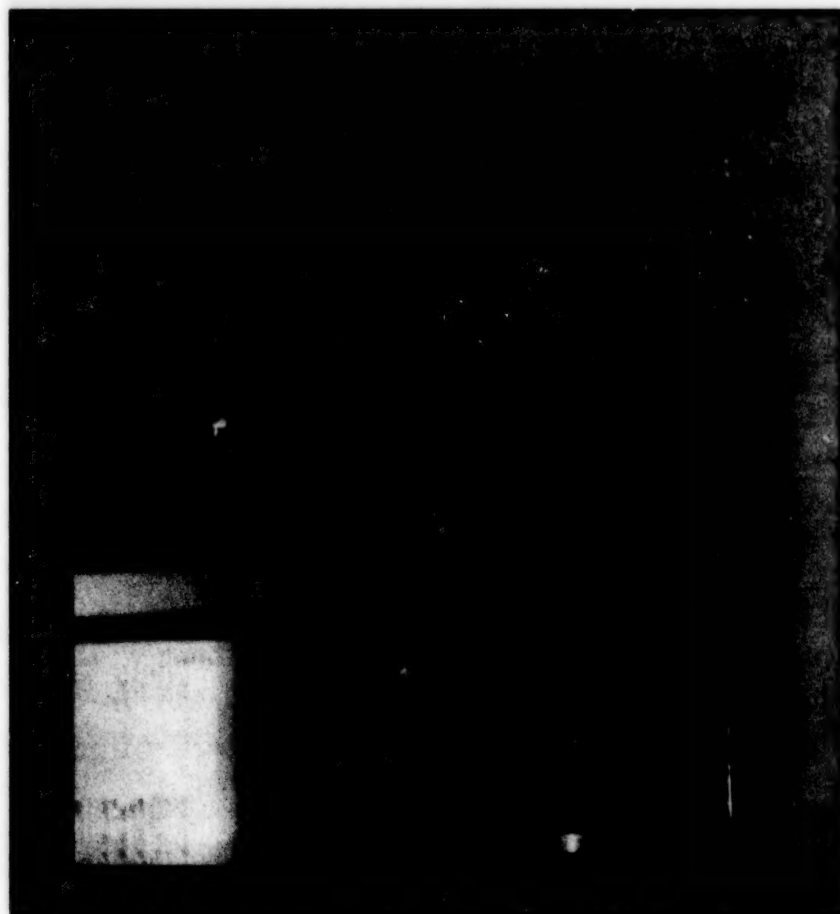
General reviews all proposed ITC directives and regulations as a means of preventing or detecting fraud, waste, or abuse. As required by the Inspector General Act, the office also has a process for commenting on existing and proposed legislation and regulations relating to programs and operations of the ITC.

During FY 1996, the Inspector General conducted audits of the ITC's Local Area Network operations, building security, and imprest funds. Inspections addressed topics such as efforts to reduce and update internal regulations, property inventory, the Commission's response to the anticipated appropriation, compliance with the Federal Managers' Financial Integrity Act of 1982, implications of operating under a long-term continuing resolution, issues in a complaint alleging prohibited personnel practices and whistle-blowing activities, imprest funds, and ITC policy on the use of telephones.

The Inspector General is an active member of the Executive Council on Integrity and Efficiency.

OFFICE OF THE SECRETARY

The Office of the Secretary compiles and maintains the ITC's official records, including petitions, briefs, and other legal documents. In



FY 1996, a total of 10,000 documents were filed with the office.

Under the direction of the Secretary, the office issues ITC notices, reports, and orders, and it schedules and participates in all Commission meetings (22 in FY 1996) and hearings (14 days of hearings in FY 1996). The office makes determinations on requests for confidential treatment of information, requests for information to be released under protective order, and requests under the Freedom of Information Act (FOIA). The following table shows the number of these requests in FY 1995 and FY 1996:

Type of request	FY 1995	FY 1996
Requests for confidential treatment	251	236
Requests for release of confidential business information under protective order	82	88
FOIA requests:		
Received	83	81
Granted in whole or in part	51	49

The Office of the Secretary receives surety bonds or other collateral posted by parties in connection with the temporary exclusion orders issued in section 337 investigations. The Secretary is also authorized to issue seizure letters authorizing the U.S. Customs Service to hold certain merchandise when a prohibited importation is attempted. In addition, the Secretary issues administrative protective orders in cases filed before binational panels under the auspices of the NAFTA. The Secretary monitors alleged breaches of ITC administrative protection orders.

The Office of the Secretary manages distribution of ITC reports and studies through its Publications Branch, responding to an average of 518 requests monthly. In addition, each month an average of 225 visitors as well as ITC staff use the office's public files for research purposes. Research facilities are available in the Office of the Secretary (room 112) and in the ITC National Library of International Trade and the ITC Law Library. Inquiries should be directed to the specific organizational unit or to the Secretary, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436. Publications may be ordered 24 hours a day, seven days a week, by calling 202-205-1809. Recorded information on the

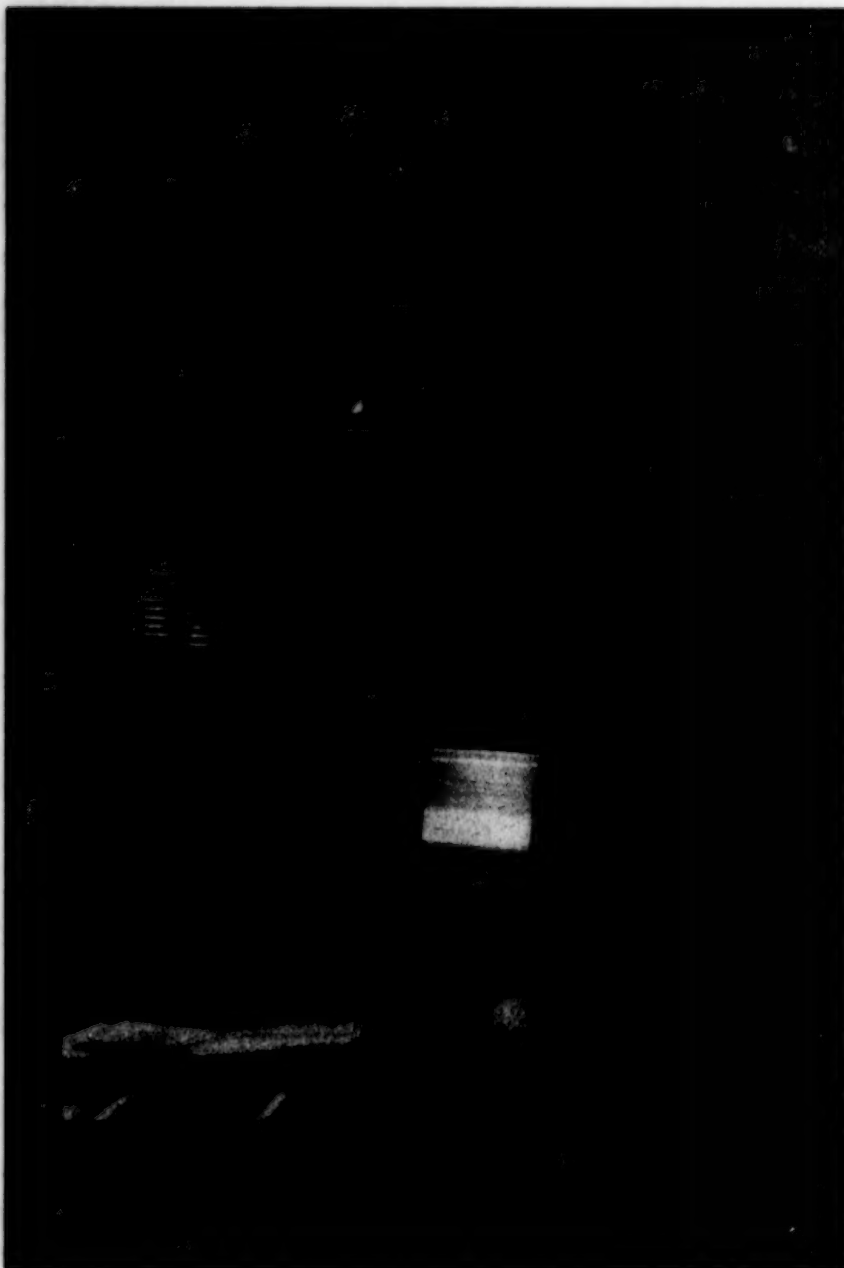
latest petitions and complaints filed with the ITC can be obtained by calling 202-205-2196.

OFFICE OF THE GENERAL COUNSEL

The General Counsel serves as the ITC's chief legal advisor. The General Counsel and the 22 attorneys in the

office provide legal advice and support to the Commissioners and ITC staff on statutory investigations, prepare briefs and represent the ITC in court and before binational panels and administrative tribunals, and provide assistance and advice on general administrative matters, including ethics, personnel and labor relations, and contracts. General Counsel attorneys serve as members of





investigative teams assigned to antidumping and countervailing duty investigations and investigations under other statutory authorities; they prepare legal issues memoranda and assist the Commission in the drafting of opinions in the course of these investigations.

The office also provides assistance and support in the drafting of new ITC rules of practice and procedure.

During FY 1996, General Counsel attorneys provided extensive advice on conducting furloughs and reductions in force and represented the Commission in challenges to those actions before courts and administrative tribunals. Also during the year, amendments were made to the ITC's rules governing antidumping and countervailing duty investigations and section 337 investigations, including with respect to the latter amendments to reflect changes required by the Uruguay Round Agreements Act. Appendix E of this report details the trade litigation matters completed or terminated during FY 1996 or pending at year-end.

When requested, the office provides technical assistance to the Congress and the executive branch on tariff and trade matters. During FY 1996, the office was called upon to provide technical assistance and support to the USTR in connection with notification of WTO committees of U.S. legislation that implements U.S. obligations under the new WTO

agreements and to review the antidumping, countervailing duty, and safeguard laws of other countries for consistency with WTO requirements. Office attorneys also provided technical assistance to the USTR staff in connection with consultations under the GATT Antidumping and Subsidies Codes relating to ITC antidumping and countervailing duty determinations.

OFFICE OF EXTERNAL RELATIONS

The Office of External Relations develops and maintains liaison between the ITC and its varied external customers. The office was formed during FY 1996 by consolidating four previously separate functions: executive and international liaison, congressional liaison, public affairs, and the Trade Remedy Assistance Office (TRAO). The office is the focal point for contacts with the U.S. Trade Representative and other executive branch agencies, Congress, foreign governments, international organizations, the public, and the international, national, and local news media. It also coordinates meetings with international visitors.

The Director is the ITC's representative on the interagency Trade Policy Staff Committee and an advisor to the Trade Policy Review Group, both of which are chaired by the USTR. External Relations provides assistance

to the agencies responsible for trade policy formulation and keeps Commissioners and senior ITC staff informed of developing trade issues that might affect the agency's mission. The office coordinates Presidential requests for advice and information on trade issues. It also manages interactions between the Commission and the international trade community, coordinating requests for assistance from U.S. embassies abroad in connection with the Commission's investigations and studies as well as arranging and participating in meetings with representatives of foreign governments and international organizations.

The Congressional Relations Officer works with congressional staff to clarify congressional intent in section 332 investigation requests, responds to inquiries from Members of Congress, and keeps the Commission apprised of legislative initiatives that would affect ITC operations. She also provides technical assistance to Members of Congress and their staff on various trade-related matters.

The Public Affairs Officer serves as spokesperson for the ITC and maintains an active relationship with the news media, responding to inquiries, issuing news releases concerning Commission determinations, publicizing ITC studies and publications, and arranging interviews with Commissioners and staff experts. She also develops

informational brochures and pamphlets to enhance public understanding of the ITC, edits the ITC Annual Report to Congress, and advises the Commission and agency staff on public affairs issues and practices.

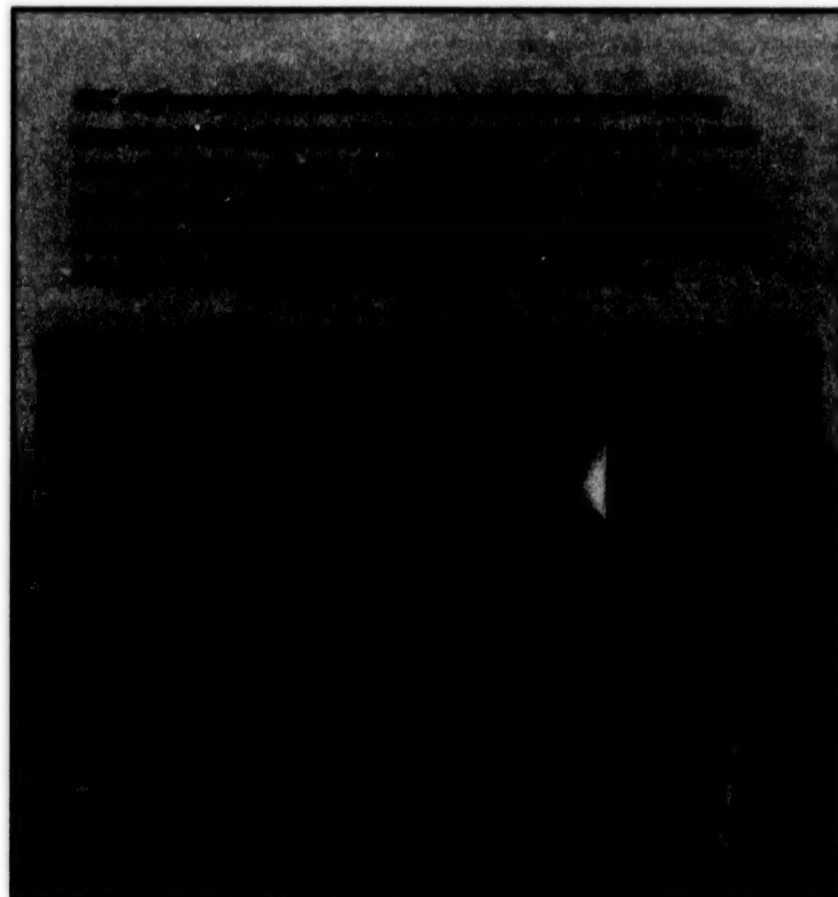
The Trade Remedy Assistance Officer assists small businesses seeking benefits or relief under U.S. trade laws through the Trade Remedy Assistance Office. She provides general information concerning the remedies and benefits available under the trade laws of the United States, and she provides technical and legal assistance and advice to eligible small businesses seeking remedies.

During FY 1996, External Relations coordinated ITC support for the USTR in APEC forum activities and the U.S.-EU Trans-Atlantic trade initiative. The office also directed Commission staff participation in interagency working groups on WTO and Organization for Economic Coordination and Development issues as well as a broad range of bilateral and multilateral issues. The ITC responded to 73 letters from Members of Congress during the year and submitted 17 miscellaneous tariff bill reports to the Senate Committee on Finance. (The Commission's bill reports provide statistical, technical industry analysis for use by the House Committee on Ways and Means and the Senate Committee on Finance

during consideration of tariff-related legislation.)

Senator Tom Harkin (D-Iowa) testified at the ITC on July 17, 1996, in connection with the agency's antidumping investigation involving *Large Newspaper Printing Presses from Germany and Japan*. In addition, then-Chairman Peter S. Watson

testified on May 8, 1996, before the House Appropriations Committee's Subcommittee on Commerce, State, Justice, and the Judiciary regarding the ITC's budget, its role, and its independence. The ITC's Director of Operations also testified before the House Committee on Ways and Means' Subcommittee on Trade on



April 23, 1996, concerning the ITC's FY 1995 report *The Economic Effects of Antidumping and Countervailing Duty Orders and Suspension Agreements* (Inv. No. 332-344) and before the House Committee on Transportation and Infrastructure's Subcommittee on Coast Guard and Maritime Transportation on June 12, 1996, concerning the economic effects of the Jones Act as presented in the ITC's reports on *The Economic Effects of Significant U.S. Import Restraints* (Inv. No.

332-325). TRAO responded to 194 inquiries from a variety of customers during the year and certified eight entities as eligible small businesses. TRAO provided technical and legal assistance and advice to five organizations interested in pursuing remedies at the ITC. In addition, External Relations arranged ITC visits for 190 individuals from 31 countries, including government officials, journalists, businessmen, economists, bankers, attorneys, professors, and students.



PART III. MANAGEMENT AND FINANCE

The ITC maintains an expert staff of professional international trade and nomenclature analysts, investigators, attorneys, economists, computer specialists, and administrative support personnel. All ITC personnel are located at 500 E Street, SW, Washington, DC 20436. At the end of FY 1996, a total of 360 permanent employees were employed by the ITC.

A breakdown of staff, by organization, is shown at the right:

Organizational unit	Number as of September 30, 1996
Commissioners	6
Offices of the Commissioners	20
Office of the Administrative Law Judges	6
Office of the Secretary	14
Office of External Relations	5
Trade Remedy Assistance Office	0.5
Office of the General Counsel	37
Office of Inspector General	2.5
Office of the Director of Operations	2
Office of Economics	38
Office of Industries	103
Office of Investigations	28
Office of Tariff Affairs and Trade Agreements	13
Office of Unfair Import Investigations	12
Office of Information Services	27
Library Services	7
Office of the Director of Administration	1
Office of Finance and Budget	8
Office of Management Services	22
Office of Personnel	7
Office of Equal Employment Opportunity	1
Total	360

The ITC submits its budget to the President for transmittal to Congress. Because of the unique role of the ITC as a quasi-judicial, nonpartisan, independent agency designed to provide trade expertise to the legislative and executive branches of government, Congress provided in section 175 of the Trade Act of 1974 (19 U.S.C. 2232) that the ITC budget would not be subject to control by the Office of Management and Budget, but would instead be submitted directly to Congress.

During FY 1996, appropriated funds made available to the ITC amounted to \$40,922,000. Obligations for FY 1995 and FY 1996 (in thousands of dollars) are shown at the right:

Item	FY 1995	FY 1996
Salaries and personnel benefits	30,521	28,638
Travel and transportation	401	327
Rental and communication services	8,515	7,402
Other services	2,678	2,054
Printing and reproduction	158	116
Equipment, supplies, and material	1,661	1,876
Land and structures	—	136 ¹
Total	43,934	40,549

¹ Includes expenditures for building repairs and alterations previously reported under Other services.

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FIGURE 1
ITC ORGANIZATION

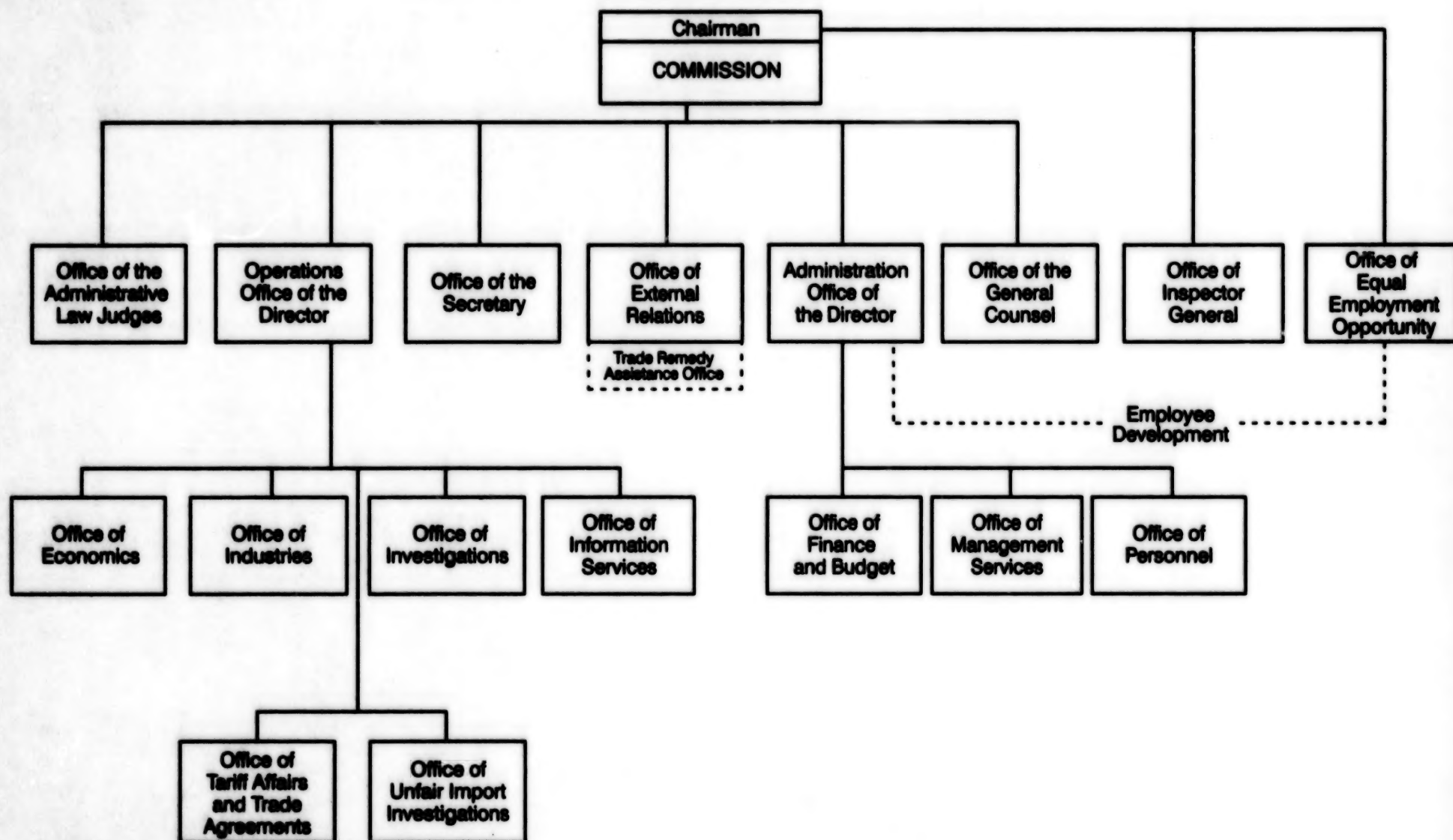
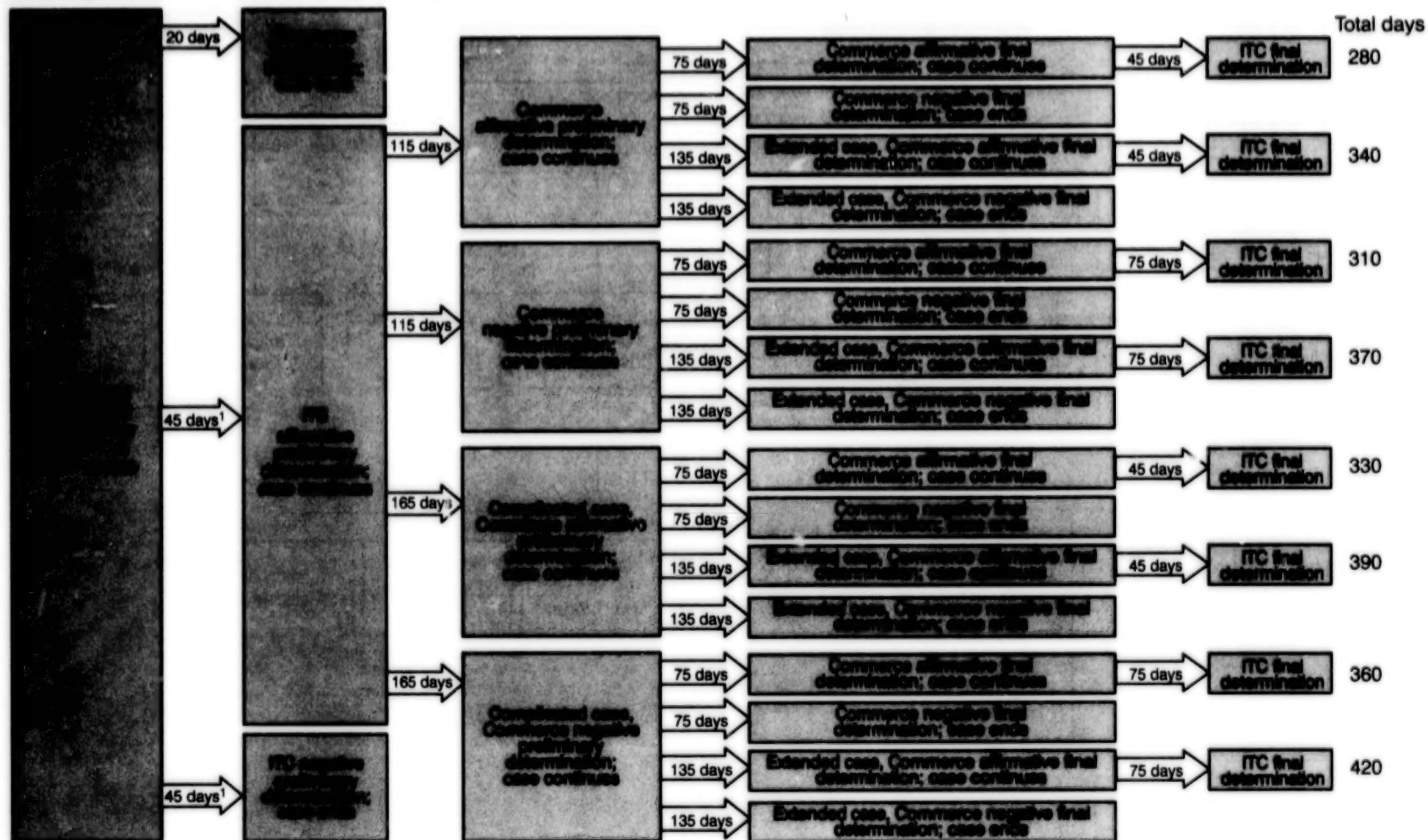


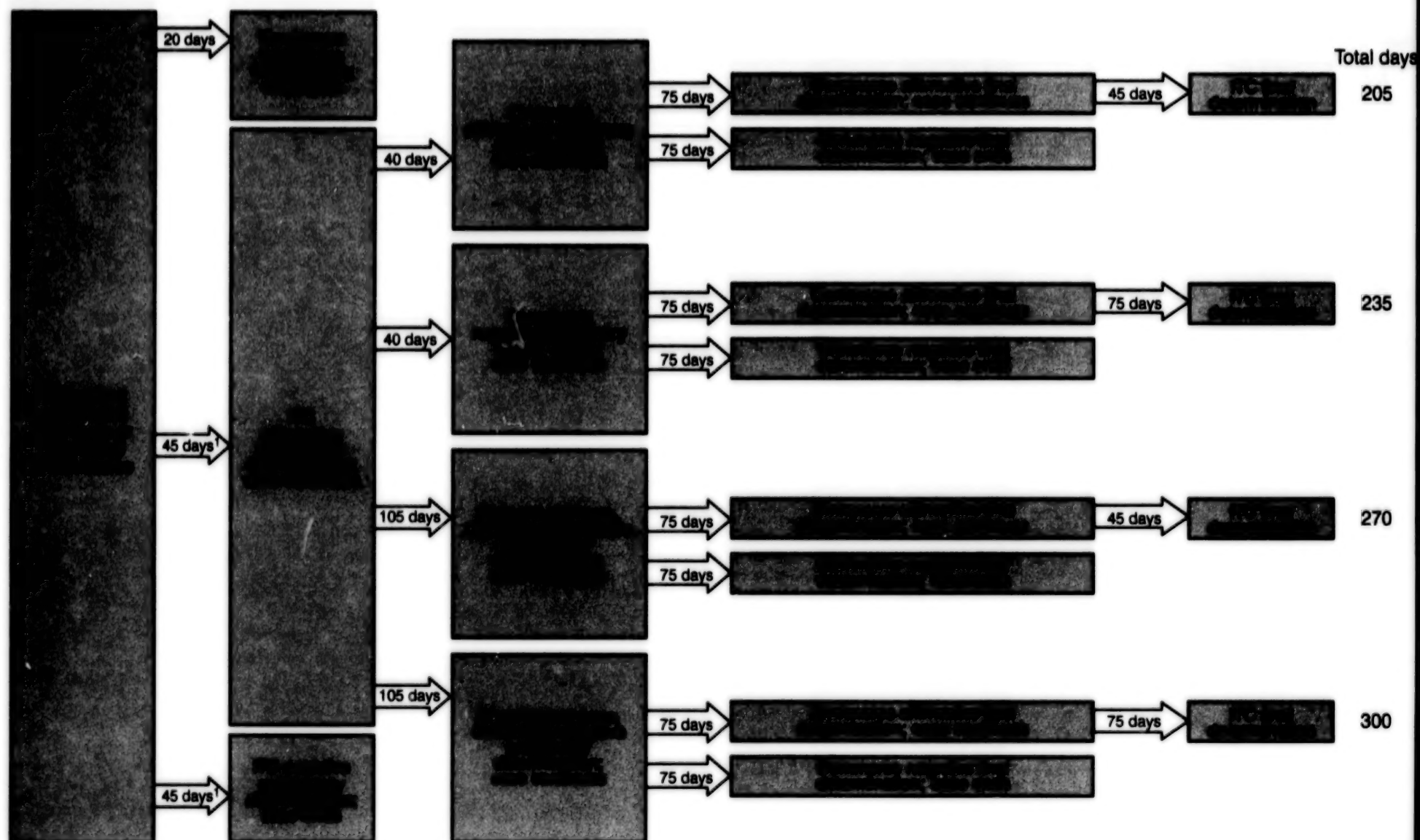
FIGURE 2 STATUTORY TIMETABLES FOR ANTIDUMPING AND COUNTERVAILING DUTY INVESTIGATIONS

Statutory timetable for antidumping investigations (in days)



¹ Normal case. ITA may extend the time allowed for it to initiate an investigation from 20 days to up to 40 days after a petition is filed if the extra time is needed to determine industry support for the petition. In the event of such an extension, the deadline for the ITC's preliminary determination and all following dates would be increased by the amount of the extension.

Statutory timetable for countervailing duty investigations (in days)



APPENDIXES

APPENDIX A

SUMMARY OF INVESTIGATIONS COMPLETED DURING FISCAL YEAR 1996 AND PENDING ON SEPTEMBER 30, 1996

Table 1

General Investigations of trade and tariff matters completed under sec. 332 of the Tariff Act of 1930 and sec. 1205 of the Omnibus Trade and Competitiveness Act of 1988, fiscal year 1996

Investigation No. and title	Origin	USITC publication—	
		No.	Date
332-135 <i>Synthetic Organic Chemicals: United States Production and Sales, 1994</i>	Request from the Committee on Ways and Means, U.S. House of Representatives	2933	November 1995
332-358 <i>General Agreement on Trade in Services: Examination of Major Trading Partners' Schedules of Commitments</i>	Request from the United States Trade Representative	2940	December 1995
332-381 <i>Global Competitiveness of U.S. Environmental Technology Industries: Air Pollution Prevention and Control</i>	Request from the Committee on Finance, U.S. Senate	2974	June 1996
332-385 <i>U.S. Interests in APEC Trade Liberalization</i>	Request from the United States Trade Representative	Confidential	May 1996
332-386 <i>Country-of-Origin Marking: Review of Laws, Regulations, and Practices</i>	Request from the Committee on Ways and Means, U.S. House of Representatives	2975	August 1996

Table 2

General investigations of trade and tariff matters under sec. 332 of the Tariff Act of 1930 and sec. 1205 of the Omnibus Trade and Competitiveness Act of 1988 pending on Sept. 30, 1996

Investigation No. and title	Origin	USITC publication—	
		No.	Date
332-191 <i>Nonrubber Footwear Statistical Report, 1995</i>	Request from the Committee on Finance, U.S. Senate	2946 2958	February 1996 April 1996
332-207 <i>The U.S. Automobile Industry Fourth Quarter 1995: Report on Selected Economic Indicators</i>	Request from the Committee on Ways and Means, U.S. House of Representatives	2951	March 1996
332-227 <i>Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers</i>	Required by sec. 215(a) of the Caribbean Basin Economic Recovery Act	(¹)	(¹)
332-237 <i>Production Sharing: Use of U.S. Components and Materials in Foreign Assembly Operations, 1991-1994</i>	Instituted by the Commission on its own motion	2966	May 1996
332-288 <i>Ethyl Alcohol for Fuel Use: Determination of the Base Quantity of Imports</i>	Required by the Steel Trade Liberalization Program Implementation Act	(²)	(²)
332-325 <i>The Economic Effects of Significant U.S. Import Restraints: First Biannual Update</i>	Request from the United States Trade Representative	2935	December 1995
332-343 <i>Annual Statistical Report on U.S. Imports of Textiles and Apparel: 1995</i>	Instituted by the Commission on its own motion	2987	August 1996
332-345 <i>U.S. Trade Shifts in Selected Industries: Services</i>	Instituted by the Commission on its own motion	2969	June 1996
<i>Shifts in U.S. Merchandise Trade in 1995</i>	Instituted by the Commission on its own motion	2992	September 1996
332-350 <i>Monitoring of U.S. Imports of Tomatoes</i>	Required by the North American Free Trade Agreement Implementation Act	(²)	(²)
332-351 <i>Monitoring of U.S. Imports of Peppers</i>	Required by the North American Free Trade Agreement Implementation Act	(²)	(²)

Table 2—Continued

General investigations of trade and tariff matters under sec. 332 of the Tariff Act of 1930 and sec. 1205 of the Omnibus Trade and Competitiveness Act of 1988 pending on Sept. 30, 1996

Investigation No. and title	Origin	USITC publication—	
		No.	Date
332-362 <i>Andean Trade Preference Act: Impact on U.S. Industries and Consumers and on Drug Crop Eradication and Crop Substitution</i>	Required by sec. 206 of the Andean Trade Preference Act	(¹)	(¹)
332-364 <i>U.S. Schedule of Services Commitments</i>	Request from the United States Trade Representative	(¹)	(¹)
332-360 <i>International Harmonization of Customs Rules of Origin</i>	Request from the United States Trade Representative	(¹)	(¹)
332-362 <i>U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy</i>	Request from the United States Trade Representative	2938	January 1996
332-367 <i>General Agreement on Trade in Services: Examination of South American Trading Partners' Schedules of Commitments</i>	Request from the United States Trade Representative	(¹)	(¹)
332-368 <i>Crawfish: Competitive Conditions in the U.S. Market</i>	Request from the Committee on Ways and Means, U.S. House of Representatives	(¹)	(¹)
332-369 <i>Advice Concerning Possible Modifications To the U.S. Generalized System of Preferences</i>	Request from the United States Trade Representative	(¹)	(¹)

¹ In progress at end of FY 1996.

² Not applicable.

Table 3
Investigations completed under sec. 337 of the Tariff Act of 1930, fiscal year 1996

Investigation No. and title	Complainant	Complaint filed	Federal Register notice date	Public hearing	Finding and remedy of Commission	Date orders due	USITC publication No.
337-TA-366 <i>Certain Microsphere Adhesives, Process for Making Same, and Products Containing Same, Including Self- Stick Repositionable Notes</i>	Minnesota Mining and Manufacturing Co. St. Paul, MN	5-9-94; 5-27-94 (amendment)	6-8-94	(¹)	Violation ²	12-8-95	2949
337-TA-370 <i>Certain Salinomycin Biomass and Preparations Containing Same</i>	Kaken Pharmaceutical Co., Ltd. Tokyo, Japan	12-23-94; 1-18-95 (revised complaint and revised memorandum)	2-6-95	(¹)	Terminated ³	2-9-96	2978
337-TA-371 <i>Certain Memory Devices with Increased Capacitance and Products Containing Same</i>	Emanuel Hazani Sunnyvale, CA Patent Enforcement Fund, Inc. Fairfield, CT	12-30-94; 1-9-95, 1-19-95 (supplements)	2-6-95	(¹)	Terminated ³	4-22-96	2982
337-TA-372 <i>Certain Neodymium- Iron-Boron Magnets, Magnet Alloys, and Articles Containing the Same</i>	Crucible Materials Corp. Syracuse, NY	2-1-95; 2-23-95 (supplement)	3-9-95	(¹)	Violation ⁴	3-29-96	2964
337-TA-373 <i>Certain Low-Power Computer Hard Disk Drive Systems and Products Containing Same</i>	Conner Peripherals, Inc. San Jose, CA	4-4-95; 4-27-95 (supplement)	5-10-95	(¹)	Terminated ⁵	10-25-95	(¹)
337-TA-374 <i>Certain Electrical Connectors and Products Containing Same</i>	AMP, Inc. Harrisburg, PA The Whitaker Corp. Wilmington, DE	4-3-95; 4-27-95 (supplement)	5-11-95	(¹)	Violation ⁶	5-3-96	2981

Table 3—Continued
Investigations completed under sec. 337 of the Tariff Act of 1930, fiscal year 1996

Investigation No. and title	Complainant	Complaint filed	Federal Register notice date	Public hearing	Finding and remedy of Commission	Date orders due	USITC publication No.
337-TA-376 <i>Certain Variable Speed Wind Turbines and Components Thereof</i>	Kenetech Windpower, Inc. Livermore, CA	4-21-95	5-30-95	(¹)	Violation ⁷	8-30-96	(¹)
337-TA-377 <i>Certain Micro-processors Having Alignment Checking and Products Containing Same</i>	Intel Corp. Santa Clara, CA	7-24-95; 8-11-95 (supplement)	8-30-95	(¹)	Terminated ⁸	1-23-96	(¹)
337-TA-378 <i>Certain Asian-Style Kamaboko Fish Cakes</i>	Yamasa Enterprises Los Angeles, CA	8-15-95; 9-6-95 (supplement)	9-20-95	(¹)	Violation ⁹	9-13-96	(¹)
337-TA-379 <i>Certain Starter Kill Vehicle Security Systems</i>	Code-Alarm, Inc. Madison Heights, MI	10-18-95; 11-2-95, 11-13-95, 11-20-95 (supplements)	11-28-95	(¹)	Terminated ¹⁰	4-9-96	(¹)
337-TA-384 <i>Certain Monolithic Microwave Integrated Circuit Downconverters and Products Containing the Same, Including Low Noise Block Downconverters</i>	Anadigics, Inc. Warren, NJ	2-7-96; 2-29-96 (supplement)	3-14-96	(¹)	Terminated ⁵	8-23-96	(¹)

¹ Not applicable.

² Limited exclusion order. President took no action; became final 2-8-96.

³ No violation.

⁴ General exclusion order and cease and desist order. President took no action; became final 5-28-96.

⁵ Settlement agreement.

⁶ Limited exclusion order and cease and desist order. President took no action; became final 7-4-96.

⁷ Limited exclusion order. Presidential review period not over at end of fiscal year.

⁸ Consent order for one party and withdrawal of complaint against one party.

⁹ Limited exclusion order and cease and desist orders. Presidential review period not over at end of fiscal year.

¹⁰ Withdrawal of complaint.

Table 4
Investigations under sec. 337 of the Tariff Act of 1930 pending on Sept. 30, 1996

Investigation No. and title	Complainant	Complaint filed	Federal Register notice date
337-TA-334 (remand) <i>Certain Condensers, Parts Thereof, and Products Containing Same, Including Air Conditioners for Automobiles</i>	Modine Manufacturing Co. Racine, WI	12-12-91; 12-23-91 (supplement)	1-23-92 ⁽¹⁾
337-TA-380 <i>Certain Agricultural Tractors Under 50 Power Take-Off Horsepower</i>	Kubota Tractor Corp. Torrance, CA Kubota Manuf., of America Corp. Gainesville, GA Kubota Corp. Osaka, Japan	1-16-96; 2-2-96 (supplement)	2-22-96
337-TA-381 <i>Certain Electronic Products, Including Semiconductor Products, Manufactured by Certain Processes</i>	Texas Instruments Inc. Dallas, TX	1-16-96; 1-31-96, 2-5-96 (supplements)	2-22-96
337-TA-382 <i>Certain Flash Memory Circuits and Products</i>	SanDisk Corp. Santa Clara, CA	1-11-96	2-26-96
337-TA-383 <i>Certain Hardware Logic Emulation Systems and Components Thereof</i>	Quickturn Design Systems, Inc. Mountain View, CA	1-26-96; 2-16-96, 2-23-96 (supplements)	3-8-96
337-TA-385 <i>Certain Random Access Memories, Processes for the Manufacture of Same, and Products Containing Same</i>	Samsung Electronics Co., Ltd. Seoul, Korea	2-12-96; 2-29-96, 3-5-96, 3-8-96 (supplements)	3-19-96
337-TA-386 <i>Certain Global Positioning System Coarse Acquisition Code Receivers and Products Containing Same</i>	Trimble Navigation Sunnyvale, CA	2-21-96; 3-5-96, 3-12-96 (supplements)	3-28-96
337-TA-387 <i>Certain Self-Powered Fiber Optic Modems</i>	Patton Electronics Co. Gaithersburg, MD	3-26-96; 4-17-96 (amendment)	5-1-96

Table 4—Continued
Investigations under sec. 337 of the Tariff Act of 1930 pending on Sept. 30, 1996

Investigation No. and title	Complainant	Complaint filed	Federal Register notice date
337-TA-388 <i>Certain Dynamic Random Access Memory Controllers and Certain Multi-Layer Integrated Circuits, As Well As Chipsets and Products Containing Same</i>	Intel Corp. Santa Clara, CA	5-13-96; 5-24-96, 6-4-96 (amendments) 5-28-96 (supplement)	6-19-96
337-TA-389 <i>Certain Diagnostic Kits for the Detection and Quantification of Viruses</i>	Hoffmann-La Roche, Inc. Nutley, NJ	6-25-96	7-29-96
337-TA-390 <i>Certain Transport Vehicle Tires</i>	Michelin North America, Inc. Greenville, SC	7-1-96; 7-2-96, 7-3-96 (supplements)	8-7-96

¹ United States Court of Appeals for the Federal Circuit issued a mandate April 3, 1996, and remanded to the Commission for findings and

redetermination with respect to literal infringement and infringement under the doctrine of equivalents; Commission issued an order 5-31-96

remanding investigation to Administrative Law Judge.

Table 5

Countervailing duty investigations completed under sec. 753 of the Tariff Act of 1930, fiscal year 1996

Investigation No. and title	(a) Institution (b) Hearing (c) Report to Secretary of Commerce	Affirmative	Negative	Not participating	USITC publication No.
753-TA-33 <i>Roses from Israel</i>	(1)	(1)	(1)	(1)	(1)

¹ Section 753 of the Tariff Act of 1930 provides that, in the case of a countervailing duty order with respect to which an affirmative determination of material injury by the Commission was not required at the time the order was issued, interested parties may request the Commission to initiate an investigation to determine whether an industry in the United

States is likely to be materially injured by reason of imports of the subject merchandise if the order is revoked. Such requests must be filed with the Commission within six months of the date on which the country from which the subject merchandise originates becomes a signatory to the Agreement on Subsidies and Countervailing Measures. The Commission did not receive a

request for the investigation listed in this table and, accordingly, made a negative determination; a unanimous negative determination was made with all Commissioners participating. The Commission notified the Secretary of Commerce of its determination on 11-8-95 (60 F.R. 56353). No Commission publication was issued.

Table 6**Countervailing duty investigations completed under sec. 701 of the Tariff Act of 1930, fiscal year 1996**

Investigation No. and title	Preliminary investigation					Final investigation				
	(a) Request received (b) Conference (c) Report to Secretary of Commerce	Affirmative	Negative/ negligibility ¹	Not partici- pating	USITC publi- cation No.	(a) Advice received from Commerce (b) Hearing (c) Report to Secretary of Commerce	Affirmative	Negative	Not partici- pating	USITC publi- cation No.
701-TA-365-366 <i>Certain Pasta from Italy and Turkey</i>	(2)	(2)	(2)	(2)	(2)	(a) 10-17-95 (b) 6-5-96 (c) 7-17-96	Rohr Newquist Crawford Nuzum Bragg	Watson	(2)	2977
701-TA-367 <i>Certain Laminated Hardwood Flooring from Canada</i>	(a) 3-7-96 (b) 3-28-96 (c) 4-22-96	Rohr Newquist Crawford Bragg	Watson Nuzum	(2)	2956	(2)	(2)	(2)	(2)	(2)

¹ For definition of negligibility, see page 63.² Not applicable.

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Table 7

Antidumping duty investigations completed under sec. 731 of the Tariff Act of 1930, fiscal year 1996

Investigation No. and title	Preliminary investigation					Final investigation					
	(a) Request (b) Conference (c) Report to Secretary of Commerce	Affirmative	Negative/ negligibility ¹	Not partici- pating	USITC publi- cation No.	(a) Advice received from Commerce (b) Hearing (c) Report to Secretary of Commerce	Affirmative	Negative	Not partici- pating	USITC publi- cation No.	
731-TA-723 <i>Certain Drawer Slides from China</i> (terminated 10-19-95)	(2)	(2)	(2)	(2)	(2)	(a) 6-5-95 (b) (2) (c) (2)	(2)	(2)	(2)	(2)	
731-TA-724 <i>Manganese Metal from the People's Republic of China</i>	(2)	(2)	(2)	(2)	(2)	(a) 6-13-95 (b) 11-1-95 (c) 12-15-95	Nuzum Rohr Newquist Bragg	Watson Crawford	(2)	2939	
731-TA-725 <i>Manganese Sulfate from the People's Republic of China</i>	(2)	(2)	(2)	(2)	(2)	(a) 5-11-95 (b) 10-3-95 (c) 11-6-95	(2)	Watson Nuzum Rohr Newquist Crawford Bragg	(2)	2932	
731-TA-726, 727, and 729 <i>Polyvinyl Alcohol from China, Japan and Taiwan</i>	(2)	(2)	(2)	(2)	(2)	(a) 10-5-96 (b) 3-26-96 (c) 5-6-96	Newquist Crawford Bragg	Watson Nuzum Rohr	(2)	2960	
731-TA-731 <i>Bicycles from China</i>	(2)	(2)	(2)	(2)	(2)	(a) 11-9-95 (b) 4 24-96 (c) 6-5-96	Bragg Newquist ³	Watson Nuzum Rohr Crawford Newquist ⁴	(2)	2968	
731-TA-732-733 <i>Circular Welded Nonalloy Steel Pipe from Romania and South Africa</i>	(2)	(2)	(2)	(2)	(2)	(a) 11-28-95 (b) 5-14-96 (c) 6-27-96	Newquist	Rohr Crawford Nuzum Watson Bragg	(2)	2973	

Table 7—Continued

Antidumping duty investigations completed under sec. 731 of the Tariff Act of 1930, fiscal year 1996

Investigation No. and title	Preliminary investigation					Final investigation				
	(a) Request (b) Conference (c) Report to Secretary of Commerce	Affirmative	Negative/ negligibility ¹	Not partici- pating	USITC publi- cation No.	(a) Advice received from Commerce (b) Hearing (c) Report to Secretary of Commerce	Affirmative	Negative	Not partici- pating	USITC publi- cation No.
731-TA-734-735 <i>Certain Pasta from Italy and Turkey</i>	(2)	(2)	(2)	(2)	(2)	(a) 1-17-96 (b) 6-5-96 (c) 7-17-96	Rohr Newquist Crawford Nuzum Bragg	Watson	(2)	2977
731-TA-736-737 <i>Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled, from Germany and Japan</i>	(2)	(2)	(2)	(2)	(2)	(a) 2-28-96 (b) 7-17-96 (c) 8-28-96	Bragg Newquist Crawford Nuzum Watson	(2)	Miller ⁵	2988
731-TA-738 <i>Foam Extruded PVC and Poly- styrene Framing Stock from the United Kingdom (terminated 9-30-96)</i>	(a) 9-8-95 (b) 9-29-95 (c) 10-23-95	Watson Nuzum Rohr Newquist Crawford Bragg	(2)	(2)	2930	(a) 5-10-96 (b) (2) (c) (2)	(2)	(2)	(2)	(2)
731-TA-739 <i>Clad Steel Plate from Japan</i>	(a) 9-29-95 (b) 10-20-95 (c) 11-13-95	Watson Nuzum Rohr Newquist Crawford Bragg	(2)	(2)	2936	(a) 2-27-96 (b) 5-7-96 (c) 6-25-96	Rohr Newquist Crawford Nuzum Watson Bragg	(2)	(2)	2972
731-TA-740 <i>Sodium Azide from Japan</i>	(a) 1-16-96 (b) 2-6-96 (c) 3-1-96	Watson Nuzum Rohr Newquist Crawford Bragg	(2)	(2)	2948	(2)	(2)	(2)	(2)	(2)

Table 7—Continued

Antidumping duty investigations completed under sec. 731 of the Tariff Act of 1930, fiscal year 1996

Investigation No. and title	Preliminary investigation					Final investigation				
	(a) Request (b) Conference (c) Report to Secretary of Commerce	Affirmative	Negative/ negligibility ¹	Not partici- pating	USITC publi- cation No.	(a) Advice received from Commerce (b) Hearing (c) Report to Secretary of Commerce	Affirmative	Negative	Not partici- pating	USITC publi- cation No.
731-TA-741-743 <i>Melamine Institutional Dinnerware from China, Indonesia, and Taiwan</i>	(a) 2-6-96 (b) 2-27-96 (c) 3-22-96	Watson Nuzum Rohr Newquist Crawford Bragg	(²)	(²)	2952	(²)	(²)	(²)	(²)	(²)
731-TA-744 <i>Certain Brake Drums and Rotors from China</i>	(a) 3-7-96 (b) 3-28-96 (c) 4-22-96	Nuzum Rohr Newquist Crawford Bragg	(²)	Watson ⁶	2957	(²)	(²)	(²)	(²)	(²)
731-TA-745 <i>Steel Concrete Reinforcing Bars from Turkey</i>	(a) 3-8-96 (b) 3-29-96 (c) 4-22-96	Nuzum Rohr Newquist Bragg	Watson Crawford		2955	(²)	(²)	(²)	(²)	(²)
731-TA-746 <i>Beryllium Metal and High-Beryllium Alloys from Kazakhstan</i>	(a) 3-14-96 (b) 4-3-96 (c) 4-29-96	Watson Nuzum Rohr Newquist Crawford Bragg	(²)	(²)	2959	(²)	(²)	(²)	(²)	(²)
731-TA-747 <i>Fresh Tomatoes from Mexico</i>	(a) 4-1-96 (b) 4-22-96 (c) 5-16-96	Watson Rohr Newquist Crawford Bragg	(²)	Nuzum ⁷	2967	(²)	(²)	(²)	(²)	(²)
731-TA-748 <i>Engineered Process Gas Turbo-Compressor Systems from Japan</i>	(a) 5-8-96 (b) 5-29-96 (c) 6-24-96	Rohr Newquist Crawford Nuzum Watson Bragg	(²)	(²)	2976	(²)	(²)	(²)	(²)	(²)

Table 7—Continued

Antidumping duty investigations completed under sec. 731 of the Tariff Act of 1930, fiscal year 1996

Investigation No. and title	Preliminary investigation					Final investigation				
	(a) Request received (b) Conference (c) Report to Secretary of Commerce	Affirmative	Negative/ negligibility ¹	Not partici- pating	USITC publi- cation No.	(a) Advice received from Commerce (b) Hearing (c) Report to Secretary of Commerce	Affirmative	Negative	Not partici- pating	USITC publi- cation No.
731-TA-749 <i>Persulfates from China</i>	(a) 7-11-96 (b) 7-31-96 (c) 8-26-96	Bragg Newquist Crawford Nuzum Watson	(2)	Miller ⁵	2989	(2)	(2)	(2)	(2)	(2)
731-TA-750 <i>Vector Supercom- puters from Japan</i>	(a) 7-29-96 (b) 8-20-96 (c) 9-12-96	Miller Bragg Newquist	Nuzum	Crawford ⁸ Watson ⁹	2993	(2)	(2)	(2)	(2)	(2)

¹ For definition of negligibility, see page 63.² Not applicable.³ With respect to bicycles from China sold through mass merchandisers.⁴ With respect to bicycles from China sold through independent bicycle dealers.⁵ Did not participate because her entry on

duty was too recent to allow complete analysis of information in the investigation.

⁶ Recused himself to avoid any appearance of a conflict of interest.⁷ Recused herself to avoid any dispute over the appearance of partiality.⁸ Recused herself in order to avoid the appearance of a conflict of interest.⁹ Did not participate in order to avoid a conflict of interest or appearance of a conflict of interest.

Table 8
Antidumping and countervailing duty investigations pending on Sept. 30, 1996

Investigation No. and title	Effective date
731-TA-751 (preliminary) <i>Open-End Spun Rayon Singles Yarn from Austria</i>	8-20-96
731-TA-752 (preliminary) <i>Crawfish Tail Meat from China</i>	9-20-96
731-TA-374 (final) <i>Potassium Chloride from Canada</i> (suspended)	8-25-87
731-TA-519 (final) <i>Gray Portland Cement and Cement Clinker from Venezuela</i> (suspended)	11-4-91
731-TA-539 (A-C and F) (final) <i>Uranium from Kazakhstan, Kyrgystan, Russia, and Uzbekistan</i> (suspended)	10-21-92
731-TA-556 (final) (remand) <i>Drams of One Megabit and Above from The Republic of Korea</i>	8-5-96
731-TA-661-662 (final) <i>Color Negative Photographic Paper and Certain Chemical Components from Japan and the Netherlands</i> (suspended)	8-19-94
731-TA-722 (final) <i>Honey from China</i> (suspended)	8-2-95
731-TA-740 (final) <i>Sodium Azide from Japan</i>	8-16-96
731-TA-741, 742 and 743 (final) <i>Melamine Institutional Dinnerware from China, Indonesia, and Taiwan</i>	8-22-96
731-TA-746 (final) <i>Beryllium Metal and High-Beryllium Alloys from Kazakstan</i>	8-26-96
303-TA-21 (final) <i>Gray Portland Cement and Cement Clinker from Venezuela</i> (suspended)	3-18-94

Table 9**Investigations under sec. 22 of the Agricultural Adjustment Act pending on Sept. 30, 1996**

Investigation No. and title	Request received	Date Investigation instituted	Public hearing	Findings and recommendations	Date report was—		USITC publication No.
					Submitted to President	Released (public version)	
22-55 <i>Peanut Butter and Peanut Paste</i> (suspended 6-28-94)	11-17-93	1-18-94	(¹)	(¹)	(¹)	(¹)	(¹)

¹ Not applicable.**Table 10****Review investigations under sec. 751 of the Tariff Act of 1930 pending on Sept. 30, 1996**

Investigation No. and title	Origin
751-TA-15 <i>Stainless Steel Plate from Sweden</i> (suspended 8-16-93)	Instituted by the Commission on its own motion 6-30-93

Table 11

Safeguard investigations completed under sec. 302 of the North American Free Trade Agreement Implementation Act, fiscal year 1996

Investigation No.	Article concerned	Petitioner or requester	Petition or request filed	Public hearing	Finding of Commission	Affirmative	Negative	Not participating	To the President	USITC publication No.
NAFTA-302-1	Broom Corn Brooms	U.S. Cornbroom Task Force	3-4-96	5-30-96 ¹ 7-11-96 ²	Affirmative ³	Rohr ⁴ Newquist ⁴ Crawford ⁵ Nuzum ⁶ Bragg ^{4, 7}	Watson	(⁸)	8 1-96	2984

¹ With respect to injury.² With respect to remedy.

³ The Commission's determination in this investigation was affirmative. Their findings and recommendations are outlined in the following footnotes. The petitioner in this investigation also sought provisional relief. The Commission's determinations, findings, and recommendations on provisional relief were transmitted to the President on May 3, 1996 (USITC Publication No. 2963). Commissioners Newquist, Nuzum, and Bragg made an affirmative determination on the question of provisional relief, and Commissioners Rohr, Crawford, and Watson made a negative determination on the question of provisional relief.

⁴ Recommended that the President, for a 3-year period, increase the rate of duty on imports of broom corn brooms produced in Mexico receiving tariff preferences under NAFTA to the column 1 general rate of duty currently imposed under the HTS on such brooms.

⁵ Recommended that the President, for a 2-year period, increase the rate of duty on imports of broom corn brooms from Mexico receiving tariff preferences under NAFTA to the column 1 general rate of duty currently imposed under the HTS on such brooms.

⁶ Recommended that the President, for a 3-year period, increase the rate of duty on im-

ports of broom corn brooms, except whisk brooms, from Mexico receiving tariff preferences under NAFTA as follows—(1) for the first 2 years, to the column 1 general rate of duty currently imposed under the HTS on such brooms; and (2) for the third year, to a rate that is one-half the difference between the current column 1 general rate of duty and the rate of duty that is currently scheduled to be in effect at the end of the 3-year period.

⁷ Excluded whisk brooms from this recommendation.

⁸ Not applicable.

Table 12

Safeguard investigations completed under sec. 201 of the Trade Act of 1974, fiscal year 1996

Investigation No.	Article concerned	Petitioner or requester	Petition or request filed	Public hearing	Finding of Commission	Affirmative	Negative	Not participating	To the President	USITC publication No.
TA-201-65	<i>Broom Corn Brooms</i>	U.S. Cornbroom Task Force	3-4-96	5-30-96 ¹ 7-11-96 ²	Affirmative	Rohr ³ Newquist ³ Nuzum ⁴ Bragg ⁴	Crawford Watson	(⁵)	8-1-96	2984
TA-201-66	<i>Fresh Tomatoes and Bell Peppers</i>	Florida Fruit and Vegetable Association	3-11-96	6-3-96	Negative	Bragg ⁶	Rohr Newquist Crawford Watson Bragg ⁷	Nuzum ⁸	8-9-96	2985

¹ With respect to injury.² With respect to remedy.

³ (1) Recommended that the President increase the rate of duty, for a 4-year period, on each of the categories of imports of broom corn brooms to a rate equal to the column 1 general rate of duty plus 12 percent ad valorem in the first year, 9 percent ad valorem in the second year, 6 percent ad valorem in the third year, and 3 percent ad valorem in the fourth year; (2) having found that imports of the product of Mexico account for a substantial share of total imports and have contributed importantly to the serious injury, recommended that Mexico not be excluded from this relief action; but having made a negative finding with respect to imports the product of Canada, recommended that such

imports be excluded from any relief action; (3) recommended that the President, for the duration of the relief action, suspend duty-free treatment on the subject articles entered from Caribbean Basin and Andean countries and apply the column 1 general rate plus the additional ad valorem rates of duty described above to imports from such countries; and (4) recommended that this import relief action not apply to imports the product of Israel.

⁴ Recommended that (1) the President impose a rate of duty, in lieu of the current column 1 general rate of duty or preferential rate of duty in effect under NAFTA, the Caribbean Basin Economic Recovery Act, or the Andean Trade Preference Act, as the case may be, on imports of broom corn brooms other than whisk brooms,

as follows—40 percent in the first year of relief; 32 percent in the second year of relief; 24 percent in the third year of relief; and 16 percent in the fourth year of relief (where a higher rate of duty would otherwise apply to imports from any country, in any year, that higher rate would take effect) and (2) that this import relief action not apply to imports produced in Israel or Canada.

⁵ Not applicable.

⁶ With respect to other than greenhouse tomatoes and bell peppers and imports from Canada.

⁷ With respect to greenhouse tomatoes and bell peppers and imports from Canada.

⁸ Recused herself in order to avoid any dispute over the appearance of partiality.

APPENDIX B

REPORTS COMPLETED DURING FISCAL YEAR 1996 AND PENDING ON SEPTEMBER 30, 1996

Section 332 Studies Completed During FY 1996

See also the Highlights section of this report for details on some of the more significant analytical section 332 studies completed during the year.

Synthetic Organic Chemicals, United States Production and Sales, 1994 (332-135)

Synthetic organic chemicals are the raw material for many consumer and industrial products. The ITC has reported annually and quarterly on U.S. production and sales of synthetic organic chemicals since 1917 (the one exception being 1931), either on its own motion or, since May 1988, at the request of the House Committee on Ways and Means. In October 1995, the Committee on Ways and Means requested that the Commission terminate publication of the quarterly and annual SOC reports by October 1, 1996. Accordingly, during FY 1996, the Commission published its final annual report in March 1996 and quarterly reports in November 1995, February 1996, May 1996, June 1996, and August 1996. The annual report

covers about 6,000 individual chemicals and chemical products and presents statistics in as great detail as possible without revealing the operations of individual producers. The report is prepared from data supplied by about 600 primary manufacturers and includes a list of manufacturers of each item for which production and/or sales were reported. The report presents data aggregated in the format of the Harmonized Tariff Schedule of the United States on an 8-digit basis. The quarterly reports on domestic production include an abbreviated list of synthetic organic chemicals, also prepared from data supplied by primary manufacturers.

Crawfish: Competitive Conditions in the U.S. Market (332-368)

On July 26, 1996, the House Committee on Ways and Means requested that the ITC investigate the current competitive conditions in the U.S. crawfish market. Subsequently, on September 27, 1996, the Committee requested that the investigation be terminated, noting that the domestic crawfish industry in the interim had filed a petition under the antidumping

statute. The Committee's second letter was received at the Commission on September 30, 1996, and the Commission took action to formally terminate the investigation in early October.

Trade Between the United States and China, the Successor States to the Former Soviet Union, and Other Title IV Countries

Title IV, section 410 of the Trade Act of 1974 required the ITC to monitor imports into the United States from nonmarket economy countries and report at least once each calendar quarter on the effects of such imports on the production of like or directly competitive articles in the United States and on employment within the domestic industries producing these products. The ITC issued four such reports during FY 1996, in October 1995, February 1996, May 1996, and August 1996. At the close of the fiscal year, Congress had enacted legislation that included language to terminate the investigation, which President Clinton was expected to sign by mid-October.

Recurring Industry Surveys Under Section 332

Nonrubber Footwear Quarterly Statistical Report (332-191)

On August 10, 1984, the Senate Committee on Finance requested that the ITC investigate and publish quarterly reports on nonrubber footwear. In February 1996, the Committee requested that the Commission change its publication schedule from quarterly to annual reports, effective January 1, 1996, and finally, cease publishing the report in the year 2000. The Committee requested that the annual report continue to include data on production and/or shipments, imports, exports, apparent consumption, market share, employment, unemployment, and plant closings. During FY 1996, the ITC published its final quarterly report in March 1996 and one annual report containing data for 1995 in May 1996.

The U.S. Automobile Industry Monthly Report on Selected Economic Indicators (332-207)

In December 1980, the House Committee on Ways and Means requested that the ITC provide it with monthly data on U.S. automobile

imports, sales, production, and prices. The resulting ITC investigation was begun in 1981. The Committee renewed its request four times between 1981 and 1985, with the request in 1985 having no fixed date for termination. In October 1995, the Committee requested that the Commission change its publication schedule from monthly to quarterly reports, effective immediately, and by January 1996 move to an annual publication and finally, terminate the report by January 1998. Accordingly, during FY 1996, the ITC published one quarterly report for the October-December 1995 period in March 1996. The ITC will publish its next report in 1997. The ITC report uses trade data compiled from official statistics of the U.S. Department of Commerce. Sales, production, and certain price data are derived from *Automotive News*, an auto industry publication. The U.S. Department of Labor provides employment and consumer and producer price data, while quarterly financial results for U.S.-owned automakers are from various public sources.

Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers, Eleventh Report (332-227)

Section 215 of the Caribbean Basin Economic Recovery Act (CBERA) requires the ITC to annually report on the operation of the program. The CBERA, which became effective January 1, 1984, affords preferential

tariff treatment to most products of 24 designated Caribbean, Central American, and South American countries. The ITC annual reports assess the actual and probable effects of CBERA on the U.S. economy generally, on U.S. industries producing products like or directly competitive with those imported from beneficiary countries, and on U.S. consumers.

The current ITC report, submitted in September 1996, found that duty-free imports under the CBERA reached a record high of \$2.2 billion in 1995, with an additional \$37 million in imports entering the United States at reduced duties under the program; that the United States has had a collective trade surplus with the 24 CBERA countries since 1987, and that the surplus was \$2.3 billion in 1995; that CBERA tariff reductions produced net welfare gains for consumers, with gains from lower prices more than offsetting lost tariff revenue; and that the data available suggest that CBERA tariff preferences are likely to have minimal future effects on the U.S. economy.

Production Sharing: Use of U.S. Components and Materials in Foreign Assembly Operations, 1991-1994 (332-237)

On September 4, 1986, the Commission instituted on its own motion an annual investigation that assesses by industry sector the products and countries which make use of the production sharing provisions of the

HTS. These provisions provide reduced tariff treatment for eligible goods that are processed in foreign locations but contain components which are U.S.-made. HTS subheading 9802.00.60 involves tariff treatment for metal of U.S. origin processed in a foreign location and returned to the United States for further processing; subheading 9802.00.80 involves tariff treatment for imported goods that contain U.S.-made components. The ITC annual report containing data for the years 1991-94, published in May 1996, found that a strong U.S. market for auto parts and electronic products contributed to a 22 percent increase in imports from Mexico under the production sharing provisions of the HTS in 1994 and that use of the production sharing provisions is somewhat specialized by geographic regions, with U.S. producers concentrating the assembly of motor vehicles and parts, televisions, and other electronic products in Mexico; apparel in the Caribbean Basin and Mexico; and semiconductors in Southeast Asia. The report also has special chapters that examine production sharing in the U.S. apparel industry and production sharing in Europe.

Ethyl Alcohol for Fuel Use: Determination of the Base Quantity of Imports (332-288)

Section VII of the 1989 Steel Trade Liberalization Program

Implementation Act requires the ITC to determine annually the U.S. domestic market for fuel ethyl alcohol during the 12-month period ending on the preceding September 30. Section VII of the Act concerns local feedstock requirements for fuel ethyl alcohol imported by the United States from Caribbean Basin Initiative (CBI) beneficiary countries. The ITC's domestic market estimate is used to establish the "base quantity" of imports that can be imported with a zero percent local feedstock requirement. Beyond the base quantity of imports, progressively higher local feedstock requirements are placed on imports of fuel ethyl alcohol and mixtures from the CBI beneficiary countries. The ITC uses official statistics of the U.S. Department of Energy to make its determinations. For the 12-month period ending September 30, 1995, the ITC determined that the base quantity for 1996 was 91 million gallons. The ITC announced this determination in December 1995.

Annual Statistical Report on U.S. Imports of Textiles and Apparel: 1995 (332-343)

On June 15, 1993, the Commission instituted on its own motion an investigation on U.S. imports of textiles and apparel under the Multifiber Arrangement. The ITC has published similar data on an annual

basis since 1981. The Commission initially announced that it would publish reports in 1993, 1994, and 1995. In July 1996, the Commission announced it would continue publishing the reports through 1998, after which it will again review the question of whether to continue issuing such reports. The annual reports in this investigation provide statistics on U.S. textile and apparel imports for the most recent year and at least three preceding years, broken down by fibers, broad product groups, and regional country groups. Detailed data are presented in terms of the nearly 150 product categories used to administer the U.S. textile and apparel trade agreements program for the top supplying countries with which the United States has quotas. The ITC published its report containing 1995 data in August 1996.

Monitoring of U.S. Imports of Tomatoes (332-350) and Monitoring of U.S. Imports of Peppers (332-351)

Section 316 of the NAFTA Implementation Act requires the ITC to monitor U.S. imports of "fresh or chilled tomatoes" and "fresh or chilled peppers, other than chili peppers" until January 1, 2009. During FY 1996, data were collected as required by the law, but no reports were published.

Andean Trade Preference Act: Impact on U.S. Industries and Consumers and on Drug Crop Eradication and Crop Substitution (Third Report 1995) (332-352)

Section 206 of the Andean Trade Preference Act (ATPA) requires the ITC to submit annual reports to the Congress and the President evaluating the economic impact of the ATPA on U.S. industries and consumers and discussing the ATPA's effectiveness in promoting drug-related crop eradication and crop substitution in the four Andean beneficiary countries — Bolivia, Colombia, Ecuador, and Peru.

The ITC third annual report, submitted in September 1996, reported that duty-free imports under the ATPA totaled \$916 million in 1995, with an additional \$23 million in imports entering the United States at reduced duties under the program; that 1995 marked only the second full year that all four Andean countries were designated ATPA beneficiaries; that all of the items analyzed produced net welfare gains for U.S. consumers — the gains from lower prices more than offset the lost revenue; and that ATPA had little effect on drug crop eradication in the Andean region in 1995, though ATPA tariff preferences had a small positive effect on crop substitution.

U.S. Schedule of Services Commitments (332-354)

On April 18, 1994, the USTR requested that the ITC initiate an ongoing program to compile and maintain the United States Schedule of Services Commitments. The establishment of such a schedule was required by the General Agreement on Trade in Services (GATS), which was negotiated as part of the GATT Uruguay Round of multilateral trade negotiations. The GATS provides for the establishment of national schedules of commitments by countries setting forth their national commitments pertaining to specific service sectors. These schedules bind countries to maintain a minimum level of market access and bind them to a national treatment obligation. The GATS also provides for a broad most-favored-nation (MFN) obligation, unless nations provide a list of exceptions for MFN treatment. The schedules and MFN exceptions will provide the basis for efforts to further liberalize international trade in services. The USTR requested that the ITC compile an initial U.S. Schedule reflecting the final services commitments made in the Uruguay Round and work with the USTR to update the U.S. Schedule, as necessary, to reflect all future commitments resulting from the post-Uruguay Round negotiations on financial, telecommunications, and maritime services, and future bilateral

and multilateral services negotiations undertaken by the USTR. The ITC compiled an initial U.S. Schedule and submitted it to the USTR in October 1994. Revisions to the U.S. Schedule were completed in November 1995.

Section 332 Studies in Progress at the End of FY 1996

International Harmonization of Customs Rules of Origin (332-360)

On January 31, 1995, the USTR requested that the ITC investigate the international harmonization of customs rules of origin. The investigation will provide the basis for ITC participation in work related to the Uruguay Round Agreement on Rules of Origin, negotiated in the GATT Uruguay Round negotiations and adopted along with the Agreement Establishing the World Trade Organization.

The ITC investigation will include soliciting public input to ensure that U.S. business interests are recognized in the development of U.S. proposals, participating in the development and representation of U.S. proposals before the World Customs Organization and the WTO, and conducting other research as required. At the conclusion of its analysis, the ITC will prepare a final report to the President and the Congress.

Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences (332-369)

On August 23, 1996, the USTR requested that the ITC provide advice concerning possible modifications to the Generalized System of Preferences. This investigation involves approximately 40 commodities. Scheduled completion: December 1996.

General Agreements on Trade in Services: Examination of South American Trading Partners' Schedules of Commitments (332-367)

On April 5, 1996, the USTR requested that the ITC investigate the commitments scheduled by selected South American countries pursuant to the General Agreement on Trade in Services. The investigation is a follow-up to the ITC's December 1995 report *General Agreement on Trade in Services: Examination of Major Trading Partners' Schedules of Commitments*. As in the previous study, the ITC will examine the content of the schedules of commitments for selected service industries and explain their meaning in non-technical language. In addition, the ITC will identify the potential benefits and limitations of such commitments. This investigation will examine the schedules of commitments from

Argentina, Bolivia, Brazil, Chile, Colombia, Paraguay, Peru, Uruguay, and Venezuela as they pertain to the following service industries: distribution services (defined as wholesaling, retailing, and franchising services); education services; communication services (defined as enhanced telecommunication, audiovisual, and courier services); health care services; professional services (defined as accounting, advertising, and legal services); architectural, engineering, and construction services; land-based transportation services (defined as rail and trucking services); and travel and tourism services. Scheduled completion: December 1996.

U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy (Second Annual Report) (332-362)

On March 31, 1995, the USTR requested that the ITC investigate the effects of U.S. trade and development policy and the Uruguay Round on U.S.-Africa trade flows. The USTR requested that the investigation include five annual reports to the President under the Africa Policy Section of the Statements of Administrative Action that Congress approved with the Uruguay Round Agreements Act. The first ITC report was submitted to the

USTR in February 1996 (see Highlights section of this report). On June 5, 1996, the USTR requested that the second annual report include an update of U.S.-Africa trade and investment flows for the latest year available including both overall trade and trade in the following major sectors: agriculture, forest products, textiles and apparel, footwear, energy, chemicals, minerals and metal, machinery, transportation equipment, electronics technology, miscellaneous manufactures, and services. The USTR also requested that basic trade flow information be provided for U.S. trade with the Southern African Customs Union, the Southern African Development Community, the Western African Economic and Monetary Union, and the Common Market for Eastern and Southern Africa. The USTR also requested an identification of major developments in the World Trade Organization and in U.S. trade/economic activities which significantly affect U.S.-Africa trade and investment flows by sector during the latest year and changing trade and economic activities within African countries that have a significant impact. The USTR also requested that the second report include information on progress in regional integration in Africa. As with the first report, the ITC will limit its study to the 48 countries in Sub-Saharan Africa. Scheduled completion: October 1996.

Advice on Providing Additional GSP Benefits for Least-Developed Countries (332-370)

On September 16, 1996, the USTR requested that the ITC investigate the probable economic effects of providing duty-free treatment under the Generalized System of Preferences (GSP) for certain articles from 37, mainly African, least-developed beneficiary developing countries (LDBCs). As requested by the USTR, the ITC will provide (1) for 1850 articles currently not designated as GSP-eligible articles, advice as to the probable economic effect on U.S. industries producing like or directly competitive articles and on consumers of the elimination of U.S. duties under the GSP and, to the extent possible, the level of U.S. import sensitivity of such articles in the context of imports of LDBCs; and (2) for GSP-ineligible watches, advice as to the probable economic effect on watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or the U.S. insular possessions and on consumers of the elimination of U.S. duties under the GSP and, to the extent possible, the level of U.S. import sensitivity of such watches in the context of imports from the LDBCs. The USTR also requested certain data for watches in order to form the basis for a material injury determination required by the Trade

Act of 1974. Scheduled completion:
March 1997.

Other Publications Issued During FY 1996

Industry and Trade Summary Reports

The ITC periodically issues a series of detailed reports on thousands of products imported into and exported from the United States. These reports include information on product uses, U.S. and foreign producers, and customs treatment of the products being studied; they also analyze the basic factors bearing on the competitiveness of the U.S. industry in domestic and foreign markets. Seven such summaries were published in FY 1996.

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APPENDIX C

STATUTES INVOLVING

THE U.S. INTERNATIONAL TRADE COMMISSION

Key Statutes

Section 201, Trade Act of 1974 (Global Safeguard Investigations), Import Relief for Domestic Industries

Under section 201, domestic industries seriously injured or threatened with serious injury by increased imports may petition the ITC for import relief. The ITC determines whether an article is being imported in such increased quantities that it is a substantial cause of serious injury, or threat thereof, to the U.S. industry producing an article like or directly competitive with the imported article. If the Commission makes an affirmative determination, it recommends to the President relief that would prevent or remedy the injury and facilitate industry adjustment to import competition. The President makes the final decision whether to provide relief and the amount of relief.

Section 201 does not require a finding of an unfair trade practice, as do the antidumping and countervailing duty laws and section 337 of the Tariff Act of 1930. However, the injury test

under section 201 is considered to be more difficult than those of the unfair trade statutes. Section 201 requires that the injury or threatened injury be "serious" and that the increased imports must be a "substantial cause" (not less than any other cause) of the serious injury or threat of serious injury.

Criteria for import relief under section 201 are based on those in article XIX of the GATT, as further defined in the WTO Agreement on Safeguards. Article XIX of the GATT is sometimes referred to as the escape clause because it permits a country to "escape" temporarily from its obligations under the GATT with respect to a particular product when increased imports of that product are causing or are threatening to cause serious injury to domestic producers. Section 201 provides the legal framework under U.S. law for the President to invoke U.S. rights under article XIX.

When: The ITC conducts an investigation under section 201 upon receipt of a petition from a trade association, firm, certified or

recognized union, or group of workers which is representative of a domestic industry; upon receipt of a request from the President or the USTR; upon receipt of a resolution of the House Committee on Ways and Means or Senate Committee on Finance; or upon its own motion.

Duration: The ITC generally must make its injury finding within 120 days (150 days in more complicated cases) of receipt of the petition, request, resolution, or institution on its own motion and must transmit its report to the President, together with any relief recommendations, within 180 days after receipt of the petition, request, resolution, or institution on its own motion.

Finding: If the ITC finding is affirmative, it must recommend a remedy to the President, who determines what relief, if any, will be imposed. Such relief may be in the form of a tariff increase, quantitative restrictions, or orderly marketing agreements.

Followup: If import relief is provided, the ITC periodically reports on developments within the industry

during the period of relief. Upon request, the ITC advises the President of the probable economic effect on the industry of the reduction, modification, or termination of the relief in effect. At the conclusion of any relief period, the ITC is required to report to the President and Congress on the effectiveness of the relief action in facilitating the positive adjustment of the domestic industry to import competition. (For further information, see section 201 of the Trade Act of 1974, 19 U.S.C. 2251.)

Section 302, NAFTA Implementation Act (Bilateral Safeguard Investigations)

Under section 302 of the NAFTA Implementation Act, the Commission determines whether, as a result of the reduction or elimination in a duty under the NAFTA, increased imports from Canada or Mexico are a substantial cause of serious injury or threat of serious injury to a U.S. industry. If the Commission makes an affirmative determination, it makes a remedy recommendation to the President, who makes the final remedy decision. Section 302 investigations are similar procedurally to

investigations under section 201 of the Trade Act of 1974. (For further information, see section 301, NAFTA Implementation Act, 19 U.S.C. 3352.)

Section 337, Tariff Act of 1930, Investigations of Unfair Practices in Import Trade

Under section 337, the ITC determines whether, as defined by U.S. statutory and common law, there is unfair competition in the importation of products into, or their sale in, the United States. Section 337 declares unlawful unfair methods of competition and unfair acts in the import and sale of products in the United States, the threat or effect of which is to destroy or substantially injure a domestic industry, prevent the establishment of such an industry, or restrain or monopolize trade and commerce in the United States. Section 337 also declares as unlawful *per se* infringement of a valid and enforceable U.S. patent, copyright, registered trademark, or mask work; no resulting injury need be found.

Section 337 investigations require formal evidentiary hearings in accordance with the Administrative Procedure Act (5 U.S.C. 551 et seq.). The hearings are held before an administrative law judge. Parties to these investigations include complainants, respondents, and the ITC attorney representing the public

interest. Following a hearing, the ALJ issues an initial determination on all issues related to violations of section 337. The Commission may review and may modify the ALJ decision. If the Commission does not review the initial determination, it becomes the Commission's decision. In addition to the long-term relief requested, complainants also may request temporary relief pending final resolution of the case.

When: After receipt of a complaint under oath from an interested party or upon its own motion, the ITC conducts an investigation to determine whether unfair methods of competition or unfair acts are occurring in the importation of articles into, or their sale in, the United States.

Duration: For investigations based on complaints filed prior to January 1, 1995, the ITC must make its determination not later than one year (18 months in a more complicated case) from the date of publication in the *Federal Register* of notice of the investigation. For investigations based on complaints filed after January 1, 1995, the ITC is required to conclude its investigation at the earliest practicable time, and must, within 45 days after an investigation is instituted, establish a target date for issuing its final determination.

Finding: In general, if the ITC finds that the importation of such articles substantially injures or threatens to substantially injure an industry, prevents the establishment of such an industry, or restrains or monopolizes trade and commerce in the United States, it may issue orders excluding the products from entry, directing the violating parties to cease and desist from certain actions, or both. However, if the imports infringe a U.S. patent, copyright, registered trademark, or mask work, the ITC may issue an exclusion and/or cease and desist order without finding injury. ITC orders are effective when issued and become final 60 days after issuance unless disapproved for policy reasons by the President of the United States within that 60-day period. Appeals of ITC determinations may be taken to the U.S. Court of Appeals for the Federal Circuit. Violators of ITC section 337 orders are liable for civil penalties of up to \$100,000 a day or twice the value of the imported articles. (For further information, see section 337 of the Tariff Act of 1930, 19 U.S.C. 1337.)

Countervailing Duty and Antidumping Duty Laws Under the Tariff Act of 1930

Under the Tariff Act of 1930, U.S. industries may petition the government for relief from imports that are sold in the United States at less than fair value ("dumped") or which benefit from

subsidies provided through foreign government programs. Under the law, the U.S. Department of Commerce determines whether the dumping or subsidizing exists and, if so, the margin of dumping or amount of the subsidy; the ITC determines whether the dumped or subsidized imports materially injure or threaten to materially injure the U.S. industry.

Countervailing duty and antidumping investigations are conducted under title VII of the law. The ITC conducts the injury investigations in preliminary and final phases. (For ease of reference, ITC countervailing duty investigations are referred to as "701" investigations and ITC antidumping investigations are referred to as "731" investigations, after the respective initial sections in the Tariff Act of 1930 for the countervailing duty and antidumping laws.)

Preliminary Phase Countervailing Duty Investigations (Subsidized Imports) and Preliminary Phase Antidumping Investigations (Imports Sold at Less Than Fair Value)

When: After the simultaneous filing of a petition with the ITC and the U.S. Department of Commerce, the ITC conducts a preliminary phase injury investigation.

Duration: The preliminary phase of the investigation usually must be

completed within 45 days of the receipt of the petition. If Commerce has extended its deadline for initiating the investigation, the ITC must make its preliminary injury determination within 25 days after Commerce informs the ITC of the initiation of the investigation.

Finding: The ITC determines, on the basis of the best information available to it at the time of the determination, (1) whether there is a "reasonable indication" that an industry is materially injured or is threatened with material injury, or (2) whether the establishment of an industry is materially retarded, by reason of imports under investigation by the Department of Commerce that are allegedly subsidized or sold at less than fair value in the United States.

If the ITC determination is affirmative, Commerce continues its investigation. If the ITC determination is negative, the investigation is terminated.

However, if the ITC, in making a preliminary or final determination, finds that imports from a country are negligible, then the investigation regarding those imports must be terminated. Imports from a country under investigation are deemed negligible if they amount to less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month

period preceding the filing of the petition for which data are available.

There are exceptions to this rule. One exception is that when imports from more than one country are subject to investigation as a result of petitions filed on the same day, imports from one or more of those countries under investigation will not be deemed negligible if the sum of imports from countries subject to investigation whose imports are less than 3 percent on an individual basis collectively amounts to more than 7 percent of the volume of all such merchandise imported into the United States.

Final Phase Countervailing Duty Investigations (Subsidized Imports) and Final Phase Antidumping Investigations (Imports Sold at Less Than Fair Value)

When: After a preliminary affirmative determination by the Secretary of Commerce (or after a final affirmative determination if the preliminary determination was negative) that imported products are subsidized or are being, or are likely to be, sold at less than fair value, the ITC conducts the final phase of the injury investigation.

Duration: The ITC final phase injury investigation usually must be completed within 120 days after an affirmative preliminary determination by the Secretary of Commerce or

within 45 days after an affirmative final determination by the Secretary of Commerce, whichever is later. However, in cases in which the Commerce preliminary determination is negative but the Commerce final determination is affirmative, then the ITC final injury determination must be made within 75 days.

Finding: The ITC determines (1) whether an industry in the United States is materially injured or threatened with material injury, or (2) whether the establishment of an industry in the United States is materially retarded, by reason of imports that the Department of Commerce has determined to be subsidized or sold in the United States at less than fair value.

If the ITC determination is affirmative, the Secretary of Commerce issues a countervailing duty order (in a subsidy investigation) or an antidumping order (in a dumping investigation), which is enforced by the U.S. Customs Service. ITC determinations may be appealed to the U.S. Court of International Trade in New York City, or, in cases involving Canada and/or Mexico, to a binational panel under the auspices of the North American Free Trade Agreement. (For further information on countervailing duty investigations, see section 701 et seq. of the Tariff Act of 1930, 19 U.S.C. 1671 et seq. For further

information on antidumping investigations, see section 731 et seq. of the Tariff Act of 1930, 19 U.S.C. 1673 et seq.)

Section 753, Tariff Act of 1930 (Review Investigations)

In the case of a countervailing duty order with respect to which an affirmative determination of material injury by the Commission was not required at the time the order was issued, interested parties may request that the Commission initiate an investigation to determine whether an industry in the United States is likely to be materially injured by reason of imports of the subject merchandise if the order is revoked. Such requests must be filed with the Commission within six months of the date on which the country from which the subject merchandise originates becomes a signatory to the Agreement on Subsidies and Countervailing Measures. (For further information, see section 753, Tariff Act of 1930, 19 U.S.C. 1675b.)

Sunset provision

The Uruguay Round Agreements Act, approved in late 1994, amended the countervailing duty and antidumping laws in several respects. The most significant change affecting the Commission's workload is the new provision requiring the Commission to conduct a review no later than five years after an antidumping or

countervailing duty order is issued to determine whether revoking the order would likely lead to continuation or recurrence of dumping or subsidies and material injury. Known as the "sunset provision," this new requirement will result in review of all outstanding antidumping and countervailing duty orders in existence as of January 1, 1995, currently numbering about 320, by 2001 and in review of subsequently issued orders five years after they become effective. Beginning in 1998, this requirement will significantly increase the Commission's historical title VII workload of about 75 cases per year and will have a significant effect on the ITC's operations budget.

Section 332, Tariff Act of 1930, General Factfinding Investigations

Under section 332, the ITC investigates a wide variety of trade matters.

When: Upon request from the President, the Senate Committee on Finance, the House Committee on Ways and Means, or the USTR, or upon its own motion, the ITC initiates a factfinding investigation on any matter involving tariffs or international trade, including conditions of competition between U.S. and foreign industries.

Duration: Unless otherwise directed, the ITC establishes an administrative deadline. Deadlines for investigations requested by the President, the USTR, or Congress are usually set by mutual agreement.

Finding: Unless the President or Congress directs otherwise, ITC final reports are made available to all interested parties, the general public, the President and executive departments, and Congress. Reports on matters relating to pending trade negotiations are often classified documents not subject to public view. (For further information, see section 332 of the Tariff Act of 1930, 19 U.S.C. 1332.)

Section 22, Agricultural Adjustment Act, Import Interference With Agricultural Programs

Under section 22, the ITC conducts investigations at the direction of the President to determine whether products are being (or are practically certain to be) imported into the United States under such conditions and in such quantities that they render or tend to render ineffective or materially interfere with any program of the Department of Agriculture.

The ITC makes findings and recommendations to the President. The President may impose a fee or quota on

the imports in question. However, no fee or quota may be imposed on any article produced by a member of the World Trade Organization. (For further information, see section 22 of the Agricultural Adjustment Act, 7 U.S.C. 624.)

Section 406, Trade Act of 1974, Trade With Communist Countries

Under section 406 of the Trade Act of 1974, the Commission determines whether imports from a Communist country are causing market disruption in the United States. Section 406 investigations are similar procedurally to Commission investigations under section 201 of the Trade Act of 1974. If the Commission finds market disruption, it then makes a remedy recommendation to the President. The President makes the final decision with respect to remedy. (For further information, see section 406, Trade Act of 1974, 19 U.S.C. 2436.)

Section 603, Trade Act of 1974 (Preliminary Investigations), Expedition of Preliminary Investigations

Section 603 of the Trade Act of 1974 authorizes the ITC to conduct preliminary investigations in order to expedite the performance of its functions under the Act. In recent

years, the ITC has used this provision on several occasions in conjunction with section 337 of the Tariff Act of 1930 (which was amended by the Trade Act of 1974) to investigate allegations that may, with the gathering of additional information, provide a basis for an investigation under section 337. (For further information, see section 603, Trade Act of 1974, 19 U.S.C. 2482.)

Other Areas of Involvement Required by Statute

Caribbean Basin Economic Recovery Act

The ITC submits annual reports to Congress and the President on the economic impact on U.S. industries and consumers of the Caribbean Basin Economic Recovery Program. (For further information, see 19 U.S.C. 2704.)

Uniform Statistical Data

The ITC, in cooperation with the Secretary of the Treasury and the Secretary of Commerce, establishes for statistical purposes an enumeration of articles imported into the United States and exported from the United States and seeks to establish comparability of such statistics with statistical programs for domestic production. (For further information, see section 484(f), Tariff Act of 1930, 19 U.S.C. 1484(f).)

Harmonized Tariff Schedule of the United States

The ITC issues a publication containing the HTS and related material and considers questions concerning the arrangement of the HTS and the classification of articles. (For further information, see section 1207 of the Omnibus Trade and Competitiveness Act of 1988, 19 U.S.C. 3007; and sections 332(a) and 484(f), Tariff Act of 1930, 19 U.S.C. 1332(a), 1484(f).)

Harmonized System Convention

The ITC has responsibility, along with the Department of the Treasury and the Department of Commerce, to represent the U.S. government concerning the activities of the Customs Cooperation Council relating to the Harmonized System Convention and to formulate U.S. government positions on technical and procedural issues relating to the Convention. (For further information, see section 1210, Omnibus Trade and Competitiveness Act of 1988, 19 U.S.C. 3010.)

In addition, the ITC is responsible for reviewing the HTS and for recommending to the President such modifications as it considers necessary or appropriate to conform the HTS

with amendments to the Harmonized System Convention, to ensure that the HTS is kept up to date, and to alleviate unnecessary administrative burdens. (For further information, see section 1205, Omnibus Trade and Competitiveness Act of 1988, 19 U.S.C. 3005.)

Annual Report on the U.S. Trade Agreements Program

The ITC annually prepares for Congress and the interested public a factual report on the operation of the trade agreements program. The report contains information on U.S. participation in multilateral and bilateral trade negotiations and agreements, as well as related material on foreign economic and trade developments and the administration of U.S. trade laws. (For further information, see section 163(b), Trade Act of 1974, 19 U.S.C. 2213.)

Advice Concerning Trade Negotiations

The ITC advises the President as to the probable economic effect on domestic industries and consumers of modification of duties and other barriers to trade that may be considered for inclusion in any proposed trade agreement with foreign countries. (For

further information, see section 131, Trade Act of 1974, 19 U.S.C. 2151.)

Generalized System of Preferences

With respect to articles that may be considered for duty-free treatment when imported from designated developing countries, the ITC advises the President as to the probable economic effect on the domestic industry and on consumers of the removal of duty. (For further information, see sections 131 and 503, Trade Act of 1974, 19 U.S.C. 2151, 2163.)

Andean Trade Preference Act

The ITC submits annual reports to Congress and the President on the impact on U.S. industries and consumers of the Andean Trade Preference Act and Andean drug crop eradication and crop substitution. (For further information, see 19 U.S.C. 3204.)

APPENDIX D

REPORTS SUBMITTED TO CONGRESS ON PROPOSED LEGISLATION, FISCAL YEAR 1996

Reports Submitted to the Senate on Proposed Legislation

1. **S. 1104**
Mr. Roth
To suspend temporarily the duty on dichlorofopmethyl.
November 6, 1995.
2. **S. 1105**
Mr. Roth
To suspend temporarily the duty on thidiazuron.
November 6, 1995.
3. **S. 1175**
Mr. Moynihan
To suspend temporarily the duty for personal effects of participants in certain world athletic events.
October 31, 1995.
4. **S. 1550**
Mr. Helms
To eliminate the duties on 2-Amino-3-chlorobenzoic acid, methyl ester. May 2, 1996.
5. **S. 1705**
Mr. Thurmond
To eliminate the duties on Tetraamino Biphenyl.
August 28, 1996.
6. **S. 1744**
Mr. Inouye
To permit duty free treatment for certain structures, parts, and components used in the Gemini Telescope Project.
September 18, 1996.
7. **S. 1768**
Mr. Glenn
To suspend temporarily the duty on certain fatty acid esters.
August 28, 1996.
8. **S. 1769**
Mr. Rockefeller
To amend the Harmonized Tariff Schedule of the United States to provide for duty free treatment for certain inorganic products used as luminophores.
August 28, 1996.
9. **S. 1775**
Mr. Breaux
To extend the exemption for certain unliquided vessel repair entries, and for other purposes.
August 29, 1996.
10. **S. 1778**
Mr. Breaux
To suspend temporarily the duty on indolenine.
August 28, 1996.
11. **S. 1779**
Mr. Breaux
To suspend temporarily the duty on Bis (4-amino-3-methylcyclohexyl)-methane.
August 28, 1996.
12. **S. 1781**
Mr. Craig
To amend the Harmonized Tariff Schedule of the United States to provide for duty free treatment for epoxide resins.
August 28, 1996.
13. **S. 1782**
Mr. Craig
To amend the Harmonized Tariff Schedule of the United States to provide for duty free treatment for certain molding machines.
August 29, 1996.
14. **S. 1783**
Mr. Craig
To amend the Harmonized Tariff Schedule of the United States to provide for duty free treatment for certain semi-manufactured forms of gold. August 29, 1996.
15. **S. 1787**
Mr. Pressler
To amend the Harmonized Tariff Schedule of the United States with respect to fireworks.
August 29, 1996.
16. **S. 1846**
Mr. Kyl
To permit duty free treatment for certain articles provided by the Max Planck Institute for Radioastronomy and the Arcetri Astrophysical Observatory to the Steward Observatory.
September 18, 1996.
17. **S. 1849**
Mr. Roth
To make technical correction in trade legislation.
September 18, 1996.

¹ Date shown for each bill is that on which the bill report was submitted to Congress.

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APPENDIX E

TRADE LITIGATION IN FISCAL YEAR 1996

Litigation Completed

Appeals Arising From Anti-dumping and Countervailing Duty Investigations

Aristech Chemical Corporation, BASF Corporation, and The Stepan Company v. United States and the U.S. International Trade Commission, Court No. 94-01-00032 (Court of International Trade)

The Court of International Trade (CIT) affirmed the Commission's preliminary negative determination in *Phthalic Anhydride from Mexico*, Invs. Nos. 701-TA-358 and 731-TA-667 (preliminary) [see USITC Publication 2709 (Dec. 1993)]. In particular, the court held that the Commission's consideration of last-minute information concerning a plant closure was not arbitrary and capricious in view of the time constraints under which title VII investigations are conducted.

Companhia Paulista de Ferro-ligas and Sibra Eletro Siderurgia Brasileira S/A v. United States, Court No. 95-01-00068 (Court of International Trade)

The CIT affirmed the Commission's affirmative determination in *Silicomanganese from Brazil, the People's Republic of China, Ukraine, and Venezuela*, Invs. Nos. 731-TA-671-674 (final) [see USITC Publication 2836 (Dec. 1994)]. The court held that Commissioners reasonably found the domestic industry suffered material injury by reason of imports, though the industry had not lost market share and underselling was mixed, in view of the declining price and increased volume of subject imports, the price-sensitive nature of competition, and the fungibility of the product. The court also held that an affirmative determination of threat of material injury reasonably relied on the growth in absolute volume of imports and inventories and reasonably weighed evidence on foreign production capacity and unused capacity.

Floral Trade Council v. United States, Court No. 95-04-00382 (Court of International Trade)

The CIT sustained the Commission's negative determination in *Fresh Cut Roses from Colombia and Ecuador*, Invs. Nos. 731-TA-684-685 (final) [see USITC Publication 2862 (March 1995)]. The court held that the Commission acted within its discretion in evaluating evidence concerning volume and price effects in view of the product and marketing difference between imported and domestic roses.

Grupo Industrial Camesa, Comercial Camesa, Cables Camesa and Camesa Inc. and Wire Rope Importers' Association v. The United States, Appeal No. 93-1436 (Court of Appeals for the Federal Circuit)

The Court of Appeals for the Federal Circuit (Federal Circuit) upheld the CIT's affirmance of the Commission's affirmative injury determination in *Steel Wire Rope from Republic of Korea and Mexico*, Invs. Nos. 731-TA-546-547 (final) [see USITC Publication 2613 (March

1993)]. Like the court below, the court of appeals held that neither the governing statute nor the Commission's regulation required all Commissioners in order to participate to be present throughout the agency's hearing, when they considered the evidence presented at the hearing. The court also held that the Commission's affirmative determination was supported by substantial evidence suggesting that the low price and growing market share of subject imports prevented the domestic industry from gaining market share.

Mitsubishi Materials Corp., Nihon Cement Co., Ltd., and Osaka Cement Co., Ltd. v. The United States and U.S. International Trade Commission, Court No. 91-06-00426 (Court of International Trade)

The CIT affirmed the Commission's final affirmative injury determination, after remand, in *Gray Portland Cement and Cement Clinker from Japan*, Inv. No. 731-TA-461 (final) [see USITC Publication 2657 (June 1993)]. The court's first decision sustained the Commission's finding of a regional industry, holding that, to determine whether imports were

sufficiently concentrated in the region, the Commission need not use a minimum percentage cutoff and could compare the regional market share of imports to their share in the U.S. That decision, however, remanded the majority's affirmative material injury determination for the Commissioners to explain how they examined individual company data, to consider the impact, if any, of declining domestic industry costs, and to examine the impact of Japanese imports alone. The court upheld one Commissioner's affirmative threat determination, which it held adequately considered company-specific data. On remand, a plurality of Commissioners also reached an affirmative threat determination, which the court upheld.

Mukand Ltd. v. United States, Court No. 93-12-00817 (Court of International Trade)

The CIT upheld the Commission's affirmative determination in *Stainless Steel Wire Rod from India*, Inv. No. 731-TA-638 (final) [see USITC Publication 2704 (Nov. 1993)]. This decision sustained as supported by substantial evidence the Commission's determination that a reasonable overlap of competition existed between low-end Indian imports and other subject imports to support cumulative analysis.

Timken Co. and Republic Engineered Steels, Inc. v. United States, Court No. 93-08-00475 (Court of International Trade)

The CIT affirmed the Commission's negative determination in *Certain Special Quality Carbon and Alloy Hot-Rolled Steel Bars and Rods and Semifinished Products from Brazil*, Inv. No. 731-TA-572 (final) [see USITC Publication 2662 (July 1993)]. The court upheld the Commission's like product determination and held that the Commission properly declined to examine the impact of subject imports only on the portions of the domestic like product most like the imports rather than on the industry as a whole.

Appeals Arising From Investigations Under Section 337 of the Tariff Act of 1930

Minnesota Mining and Manufacturing Co. v. United States International Trade Commission, Appeal No. 96-1156 (Court of Appeals for the Federal Circuit)

The Federal Circuit affirmed the Commission's negative determination in *Certain Microsphere Adhesives*, Inv. No. 337-TA-366 [see USITC Publication 2949 (Jan. 1996)], upholding the Commission's interpretation of the patent claims in dispute. The court

also held that, if the claims had been given the meaning that petitioner sought, petitioner would not have established that respondent's product fell within the claims.

Modine Manufacturing Company v. United States International Trade Commission, Appeal No. 93-1513 (Court of Appeals for the Federal Circuit)

The Federal Circuit issued a decision in *Certain Condensers, Parts Thereof and Products Containing Same, Including Air Conditioners for Automobiles*, Inv. No. 337-TA-334 [see USITC Publication 2731 (Feb. 1994)]. The court overturned the Commission's construction of the claims at issue, as well as the holding that the petitioner was estopped from claiming infringement under the doctrine of equivalents. The decision upheld the Commission's finding that the patent was valid and not unenforceable due to inequitable conduct. The Commission's determination was remanded for further findings on infringement.

Procut International, Inc. v. United States International Trade Commission, Appeal No. 95-1230 (Court of Appeals for the Federal Circuit)

The Federal Circuit affirmed the Commission's negative determination,

in *Disc Brake Lathes*, Inv. No. 337-TA-361 [see USITC Publication 2889 (May 1995)]. The decision upheld the Commission's finding that the accused device did not infringe under the doctrine of equivalents, since the patent claim did not indicate the function for which petitioner claimed respondent's device provided a substitute.

In re RAD Communications, Ltd. and RAD Data Communications, Misc. Docket No. 461 (Court of Appeals for the Federal Circuit)

Respondents before the Commission sought a writ of mandamus requiring the Commission to terminate the investigation in *Certain Self-Powered Optic Modems*, Inv. No. 337-TA-387. The court denied the writ because a rational and substantial legal argument had been made that the Uruguay Round Agreements Act did not bar the investigation and that, if the Commission were to make an affirmative determination, an appeal would provide respondents other means to seek relief.

Litigation Terminated

In addition to the cases discussed above, a number of cases were terminated during FY 1996 without final substantive decisions on the merits. Those cases are listed below:

American MicroTrace Corp. v. United States, Court No. 94-1501 (Court of Appeals for the Federal Circuit) (voluntary dismissal)

Plaintiff voluntarily dismissed this appeal of the Commission's final negative determination in *Manganese Sulfate from the People's Republic of China*, Inv. No. 731-TA-725 (final) [see USITC Publication 2932 (Nov. 1995)].

Dalmine S.p.A. and Dalmine USA, Inc. v. United States and the United States International Trade Commission, Court No. 95-09-01153 (Court of International Trade) (voluntary dismissal)

Plaintiff voluntarily dismissed this case challenging the Commission's affirmative determination concerning imports from Italy in *Oil Country Tubular Goods from Argentina, Austria, Italy, Japan, Korea, Mexico, and Spain*, Invs. Nos. 701-TA-364 and 731-TA-713 (final) [see USITC Publication 2911 (Aug. 1995)].

Monsanto Company v. United States, Court No. 96-06-01551 (Court of International Trade) (voluntary dismissal)

Plaintiff voluntarily dismissed this case challenging the Commission's final affirmative determination in *Polyvinyl Alcohol from China, Japan, and Taiwan*, Invs. Nos. 731-TA-726, 727, and 729 (final) [see USITC Publication 2883 (April 1995)].

Zaporozhye Ferroalloys Plant and Nikopol Ferroalloys Plant v. United States, Court No. 95-01-00074 (Court of International Trade) (voluntary dismissal)

Plaintiff voluntarily dismissed this case challenging the Commission's final affirmative determination in *Silicomanganese from Brazil, the People's Republic of China, Ukraine, and Venezuela*, Invs. Nos. 731-TA-671-674 (final) [see USITC Publication 2836 (Dec. 1994)].

Litigation Pending at the End of Fiscal Year 1996

Cases arising from antidumping and countervailing duty investigations ¹	15
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Cases arising from section 337 determinations	4
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Other litigation	9
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Total	28
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¹ All cases filed by different parties that have been consolidated by the court are counted as a single piece of litigation. Thus, the actual number of complaints filed is greater than the number given above.

By comparison, at the end of fiscal year 1995, there were 22 pending cases arising from antidumping and countervailing duty investigations and seven arising from section 337 determinations, for a total of 29.

Commission and Executive Staff as of September 30, 1996

The Commission

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Lynn M. Bragg, Vice Chairman
Don E. Newquist
Carol T. Crawford
Janet A. Nuzum
Peter S. Watson

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Secretary

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